

33º Congreso
Internacional del CIRIEC
Valencia, 13 – 15 junio
de 2022

Nuevas dinámicas mundiales
en la era post-Covid; desafíos para
la economía pública, social
y cooperativa

COOPERATIVE ECONOMY AS A TRIPLE BOTTOM LINE VALUE MODEL TO SUSTAIN THE ATTIRE OF NEW GLOBAL DYNAMICS

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ABSTRACT

As of now, new global dynamics of the world economy in the post-Covid era the challenge of transition from poverty ridden to a prosperous globe, calls for an initiative to be taken by the most informed, knowledge based and economically well placed sectors particularly cooperatives with the support of government policies and executive processes and procedures. To convert the challenge into opportunity, we need to focus on creating a value model for organizational culture. Through the slogan “Sustainable societies through Cooperation” we have been showing how, thanks to our values, principles and governance structures, cooperatives have sustainability and resilience at their core, with concern for community as the seventh of their guiding principles. Sustainable societies are ones that reflect the environmental, social and economic limits to growth. By their very nature, cooperatives play a triple role: as economic actors they create opportunities for jobs, livelihoods and income generation; as people-centered enterprises with social goals they contribute to social equity and justice; as democratic institutions, they are controlled by their members, playing a leading role in society and local communities. Cooperatives have a unique contribution to make to delivering all the Sustainable Development Goals and their associated targets. In 2016, the International Cooperative Alliance launched the campaign www.Coopsfor2030.coop to show cooperatives’ commitment to the UN’s Sustainable Development Goals and celebrate the cooperative contribution to making the world a better place. Cooperatives have experience in building sustainable and resilient societies and they increasingly do it in a planet-friendly way *that we must improve the present and preserve the future for the next generations and that we are proud to be part of this movement. Cooperative a movement with values and principles; a movement committed to social justice and environmental sustainability contributing to agriculture, industry and service sectors of economy.* In the age of failing globalization, cooperatives are the microcosms of a more stable and resilient economy. *Hence, “Cooperativization of Economy” is highly required, which will lead to vibrant and virile value model of Cooperative Economy sustain the attire of New Global Dynamics.*

Keywords: Cooperativization, Cooperative Economy, Globalization, Liberalization, Privatization, Resilience, Sustainability

Expanded abstract

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1. Introduction to LPG

LPG stands for Liberalization, Privatization, and Globalization. India under its New Economic Policy approached International Banks for development of the country. These agencies asked Indian Government to open its restrictions on trade done by the private sector and between India and other countries. The Indian economy experienced many major policy changes in the early 1990s. The new economic reform, popularly known as Liberalization, Privatization and Globalization (LPG model) aims to make the Indian economy grow rapidly and become globally competitive. The series of reforms undertaken with respect to industrial sector, trade, as well as financial sector strive to make the economy more efficient. Indian Government agreed to the conditions of lending agencies and announced New Economic Policy (NEP) which consisted wide range of reforms. Broadly we can classify the measures in two groups:

1.1. Structural Reforms

With long-term perspective and eyeing for improvement of the economy and enhancing the international competitiveness, reforms were made to remove rigidity in various segments of Indian economy.

1.2. Stabilization Measures (LPG)

These measures were undertaken to correct the inherent weakness that has developed in Balance of Payments and control the inflation. These measures were short-term in nature. Various Long-Term Structural Reforms were categorized as:

- Liberalization
- Privatization and
- Globalization

Collectively they are known by their acronym LPG. Let's understand each terminology in detail.





1.3. Liberalization

The basic aim of liberalization was to put an end to those restrictions which became hindrances in the development and growth of the nation. The loosening of government control in a country and when private sector companies' start working without or with fewer restrictions and government allow private players to expand for the growth of the country depicts liberalization in a country.

1.3.1. Objectives of Liberalization Policy

- To increase competition amongst domestic industries.
- To encourage foreign trade with other countries with regulated imports and exports.
- Enhancement of foreign capital and technology.
- To expand global market frontiers of the country.
- To diminish the debt burden of the country.

1.4. Privatization

This is the second of the three policies of LPG. It is the increment of the dominating role of private sector companies and the reduced role of public sector companies. In other words, it is the reduction of ownership of the management of a government-owned enterprise. Government companies can be converted into private companies in two ways:

- By disinvestment; and
- By withdrawal of governmental ownership and management of public sector companies.

1.4.1. Forms of Privatization

- **Denationalization or Strategic Sale:** When 100% government ownership of productive assets is transferred to the private sector players, the act is called denationalization.
- **Partial Privatization or Partial Sale:** When private sector owns more than 50% but less than 100% ownership in a previously construed public sector company by transfer of shares, it is called partial privatization. Here the private sector owns the majority of shares. Consequently, the private sector possesses substantial control in the functioning and autonomy of the company.
- **Deficit Privatization or Token Privatization:** When the government disinvests its share capital to an extent of 5-10% to meet the deficit in the budget is termed as deficit privatization.

1.4.2. Objectives of Privatization

- Improve the financial situation of the government.
- Reduce the workload of public sector companies.
- Raise funds from disinvestment.



- Increase the efficiency of government organizations.
- Provide better and improved goods and services to the consumer.
- Create healthy competition in the society.
- Encouraging foreign direct investments (FDI) in India.

1.5. Globalization

It means to integrate the economy of one country with the global economy. During Globalization the main focus is on foreign trade & private and institutional foreign investment. It is the last policy of LPG to be implemented. Globalization as a term has a very complex phenomenon. The main aim is to transform the world towards independence and integration of the world as a whole by setting various strategic policies. Globalization is attempting to create a borderless world, wherein the need of one country can be driven from across the globe and turning into one large economy. Former Prime Minister Dr. Manmohan Singh initiated several reform measures under LPG, such as disinvestment for privatization, devaluation of rupee, dismantling of The Industrial Licensing Regime, allowing Foreign Direct Investment (FDI), etc., which have changed the economic face of country. These measures resulted in the acceleration of growth from 3.2% (before LPG) to more than 7% in 2012. On the contrary, the higher growth rate came from the industrial and service sectors, whereas the agricultural growth of 3.2% between 1980 and 1997 decelerated to 2% after LPG. The share of agriculture as a proportion of GDP decreased to 20%, despite of having over 50% of the population depending on agriculture for their livelihood.

2. Impact of LPG on Coops

After economic liberalization under the new economic environment, cooperatives at all levels are making efforts to reorient their functions according to the market demands. The failure of the public sector in several cases is a worrisome trend. Privatization has also failed to make an impact in the rural areas. In present scenario of liberalization, privatization, and globalization (LPG) banking sector is one of the most important financial institutions which plays active role in present economic environment by developing trade, commerce and industry. State co-operative banks are one of the financial institutions in co-operative sector which were established for development of co-operative movement in the country and especially in rural India.

After independence, the various transitions in the form of privatization, globalization, liberalization and the myriad economic reforms initiated in 1990s have posed serious challenges in India. Although the various developmental approaches initiated by the government did show significant results in the economic growth of the country, they were not that very effective in wiping away the evils of poverty like unemployment, illiteracy, income inequality, social exclusion, discrepancies between the rich and the poor, marginalization, and gender bias. Cooperatives in India have been addressing the needs of the disfavored segments of the society through the process of social mobilization and conscientization.

Liberalization, Privatization and Globalization are the current buzzwords in the developing countries of which our country, INDIA, the largest democracy in the world, faces lots of challenges and opportunities. How, “we the people of India” respond to these challenges shall decide the overall wellbeing – i.e. Health, Wealth and Happiness of our countrymen.



Our nation consists of various sectors of organizations such as government sector, public sector, corporate (private sector), cooperative sector, MSME (Micro, Small, Medium enterprises) sector, NGOs & agriculture sector. However the large number of populations forms the unorganized sector consisting of individuals. The challenge of transition from a poverty ridden nation to a prosperous nation, calls for an initiative to be taken by the most informed, knowledge based and economically well placed sectors e.g. corporate, PSUs & cooperatives with the support of government policies and executive processes and procedures. To convert the challenge into opportunity, we need to focus on creating a value model for organizational culture. To reap the real benefits of liberalization, privatization and globalization it is time organizations set a “stage” ready to enter the challenging phase of economic transition. i.e. to play a decisive role in the turbulently competitive global economy. How should we set up such a “stage”?

The first and foremost step to set up a strong “stage” should be to create a credible, trustworthy and internally strong corporate India, where the business values are not just the build organizational culture characterized by “VALUE” in its true spirit. To set itself on the path of excellence, it becomes imperative in India to show up a unique and united representative face of an Indian organizational value system. Hence organizations should aim at evolving a culture based upon a value “Model” which embodies the following factor determinants as its foundations or principles.

Through the slogan “Sustainable societies through cooperation” we will show how, thanks to our values, principles and governance structures, cooperatives have sustainability and resilience at their core, with concern for community as the seventh of their guiding principles. Sustainable societies are ones that reflect the environmental, social and economic limits to growth. By their very nature, cooperatives play a triple role: As economic actors they create opportunities for jobs, livelihoods and income generation; As people-centered enterprises with social goals they contribute to social equity and justice; As democratic institutions, they are controlled by their members, playing a leading role in society and local communities. Cooperatives have a unique contribution to make to delivering all the Sustainable Development Goals and their associated targets. In 2016, the International Cooperative Alliance launched the campaign www.Coopsfor2030.coop to show cooperatives’ commitment to the UN’s Sustainable Development Goals and celebrate the cooperative contribution to making the world a better place. Cooperatives have experience in building sustainable and resilient societies. For example, many agricultural cooperatives work to maintain the longevity of the land where they grow crops through sustainable farming practices. Consumer cooperatives increasingly support sustainable sourcing for their products and educate consumers about responsible consumption. Housing cooperatives help ensure safe and affordable dwellings. Cooperative banks contribute to stability thanks to their proximity to their clients and provide access to finance at local level and are widespread even in remote areas. Utility cooperatives are engaged in rural access to energy and water, and many of them are engaged in leading the energy transition to energy democracy. Worker and social cooperatives across diverse sectors (health, communications, tourism, etc) aim to provide goods and services in an efficient way, while creating long-term, sustainable jobs – and they increasingly do it in a planet-friendly way.



“On the International Day of Cooperatives, we are going to show the world that it is possible to grow with democracy, equity and social justice. That our societies cannot continue wasting resources and excluding people. That we must improve the present and preserve the future for the next generations. And that we are proud to be part of this movement. A movement with values and principles. A movement committed to social justice and environmental sustainability,” says the President of the International Cooperative Alliance, Ariel Guarco which will lead to vibrant and virile Cooperative Economy.

“We represent 1.2 billion cooperative members. There is no other economic, social and political movement in the world that in less than 200 years has probably grown as much as we have. But growth is not the most important thing. We consume, produce and use the resources that the planet gives us but in solidarity with the environment and with our communities. That is why we are a key partner for the United Nations Sustainable Development Goals,” says the President of the International Cooperative Alliance, Ariel Guarco.

Sustainable societies are ones that reflect the environmental, social and economic limits to growth. By their very nature, cooperatives play a triple role:

- As economic actors they create opportunities for **jobs, livelihoods and income generation**
- As people-centered enterprises with social goals they contribute to **social equity and justice**
- As democratic institutions, they are controlled by their members, playing a leading role in **society and local communities**.

While a recent report by PwC showed that two in five firms are still either ignoring or having no meaningful engagement with SDGs, cooperatives are leading the way. Cooperatives have a unique contribution to make to delivering all the Sustainable Development Goals and their associated targets. In 2016, the International Cooperative Alliance launched the campaign www.Coopsfor2030.coop to show cooperatives' commitment to the UN's Sustainable Development Goals and celebrate the cooperative contribution to making the world a better place.

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3. The Cooperative Enterprises Continuum Theory

Since the 19th century, some organizations have sought a combined pursuit of economic objectives and social concerns for their consumers or workers. As a result, the legal form of cooperative as social enterprise has been created. First established in Europe to tackle the social misery resulting from Industrial Revolution, the cooperatives in its essence pursue a double objective of social and economic welfare. Cooperatives as social enterprises are characterized by the fact that all their members have the same influence in the governance process (and so in defining the strategic priorities), regardless of invested capital. Further, albeit cooperative laws foresee possible profit in such structures, profit remains usually a secondary objective and a means to reach higher ends. Cooperatives' first aim is serving the members' interests. The latter might vary greatly depending on the sector of activity. Cooperatives are indeed active in many different sectors such as agriculture, retailing (over 50% of the Swiss retail turnover is realized by two cooperatives, financial services and insurances (some countries have special legal form, mutual societies, for those services whereas others like Switzerland know only cooperatives), housing, etc. Finally, some recent changes in various countries such as Italy, have allowed for the broadening of the cooperative objectives, allowing them to pursue not only the members' interests, but also the interests of specific groups of non-members such as elderly or marginalized people (Borzaga and Santuari, 2001). Graphically, the traditional opposition can be represented in the form of a continuum between two extremes – the social end and the economic end (see Figure 1).

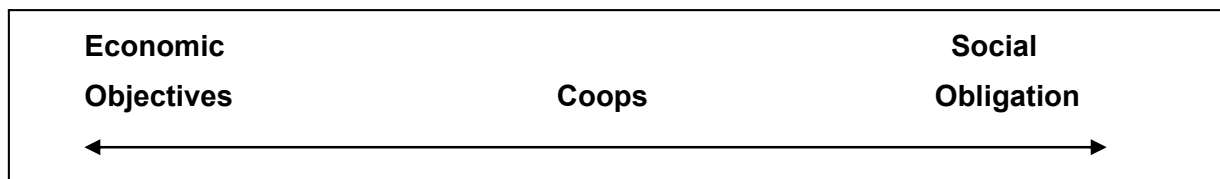


Figure 1: Cooperative Enterprises Continuum between two Extremes

Following the continuum logic, the double pursuit of social and economic objectives is often considered as awkward and inefficient. In fact, a 'middle ground' implies a trade-off between social and economic ambitions. A traditional economic actor wanting to move toward more social objectives must, according to this logic, abandon part of its economic mindset. Similarly, a NPO introducing more professional managerial practices will supposedly lose its original social spirit. Yet social and economic have not always been opposed. In the next section, we discuss the 19th century cooperative movement, the resurgence of social enterprises in recent years, as well as CSR and the managerialization trend among NPOs as challengers of the traditional divide.

Figure 2 presents the social enterprise spectrum, which Dees (1998) portrays as a continuum of options and opportunities that key stakeholders face. This can be applied and practiced in cooperatives. We draw attention to the polar positions; at one end of the spectrum are 'purely philanthropic' (social) goals opposed to those at the other end that are 'purely commercial' (enterprise). Social enterprise occupies the middle column as 'hybrids'.



Purely Philanthropic		←————→	Purely Commercial	
Motives, methods and goals		Appeal to goodwill Mission driven Social value	Mixed motives Mission and market driven Social and economic value	Appeal to self-interest Market driven Economic value
Key stakeholders	Beneficiaries	Pay nothing	Subsidized rates, or mix of full payers and those who pay nothing	Market-rate prices
	Capital	Donations and grants	Below-market capital, or mix of donations and market-rate capital	Market-rate capital
	Workforces	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
	Suppliers	Make in-kind donations	Special discounts, or mix of in-kind and full-price donations	Market-rate prices

Figure 2: Social enterprise spectrum (Dees 1998)

Changes to the above version of Dees's framework (1998) include Dees and Anderson (2006) replacing 'mixed motives' with 'balance of' to precede 'mission and market driven'. They argue there is 'no dichotomy' between meeting social and economic goals and that 'reality is more like a continuum with many shades of grey'. The theme of balancing social and economic goals is widely perpetuated in the literature (Emerson & Bonini, 2004; Perrini, 2006). Figure 3 is an adaptation of the linear continuum in which Alter (2004) also calls attention to balance and equilibrium of social and economic goals. Alter (2004, p.8) proposes that the typology of dual value creation, or of 'blended value', is a more holistic notion than the concept of the double, or the triple, bottom line.

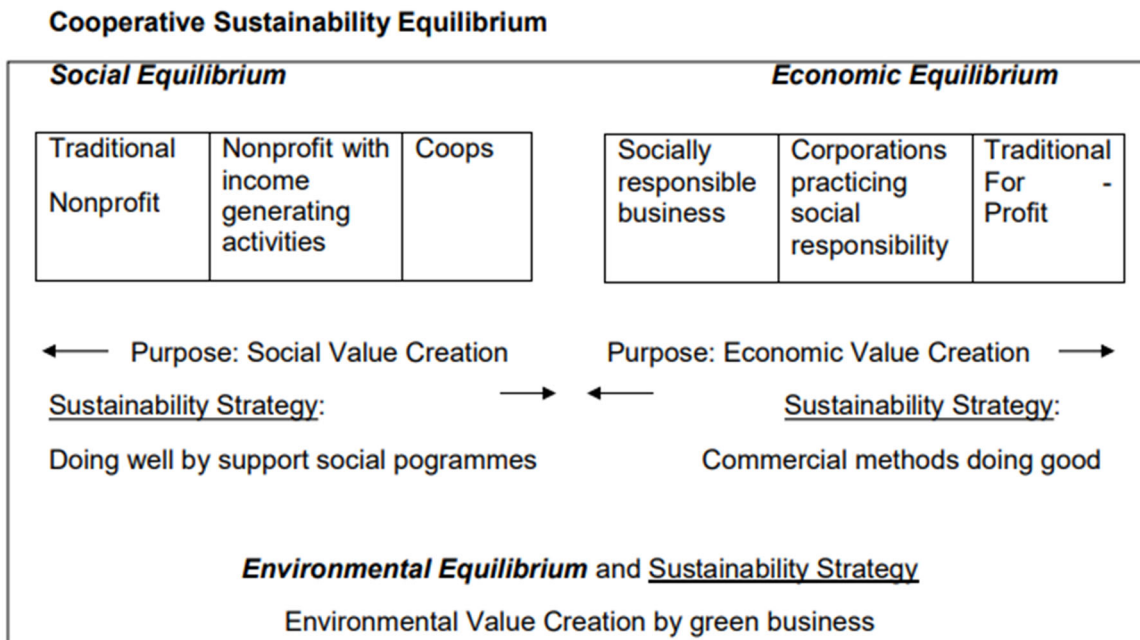


Figure 3: Cooperative Sustainability Equilibrium (upgraded by the Authors, 2022)

The classification is similar to that of the spectrum in that traditional non-profit and traditional for-profit encapsulates the boundaries. Within this perspective both non-profit organisations with income generating activities and social enterprises are situated on the side of social sustainability. Alter (2004) adds that the purpose of non-profits and social enterprises are their social missions, and as a consequence: ‘organisations rarely evolve or transform in type along the full spectrum’. Pestoff and Brandsen (2009) contest that organisations operate in opposing ‘pure’ states; instead ‘many organizations now reach the point where ideal types, state, market or third sector no longer helps us to truly understand them.’

There are contrasting views on the nature and implications of the social and economic poles represented in these diagrams. For some researchers social enterprises are fundamentally similar to commercial counterparts (Cools & Vermeulen, 2008; Steinerowski et al., 2008; Kreuger et al., 2009). Others perceive movement towards the economic poles, mainly driven by governments (Aiken, 2006; Defourny & Nyssens, 2006; Hogg & Baines, 2011). In the UK, especially in England, government policy since the turn of the century has promoted the uptake of commercial contracts for public services by charities, community groups and others in the ‘Third Sector’ while their grant income declined (Third Sector, 2008; ONS, 2010). Teasdale (2010) observes that towards the end of the first decade of the 21st century, policy discourse in England increasingly elided ‘social enterprise’ with public sector contracts. There are strong normative assumptions, as noted by Dey (2006), that being more like commercial businesses means being positive, efficient, and reliable in ways that fit the 5th modernization agenda for public services, including co-production between the public and third sectors (Pestoff & Brandsen, 2009; Baines et al., 2010). This is reflected by Boschee’s (2006) analysis that ‘smart’ actors in voluntary organizations recognize the need to move away from the ‘dependency’ model of grants towards social enterprise. For others, however, there are acute tensions between the ‘economic’ and the ‘social’ (Hudson, 2009). Language and ideas from



the business world are said to undermine the strengths of the social sector (Foster & Bradach, 2005) and such language can be vehemently resisted even by organizations that have come to be identified by others as social enterprises (Parkinson & Howorth, 2008; Howorth et al., 2011). The meaning of terms will be different in the private, public and third sectors (Paton, 2003) and, moreover, meanings change (Evers, 2001).

Following the contributions of the above authors, I have added environmental equilibrium and sustainability as the third pillar of the sustainability equilibrium. Apart from economic and social equilibrium the cooperatives as social enterprises are expected to concern community by protecting the environment. They are economically viable enterprises doing socially responsible business with eco-friendly concern. Apart from the purpose of creating economic value and social value they have the responsibility to create environmental value by doing green business. In this context, the cooperatives are labeled as social business enterprises.

4. Impact of Globalization on Sustainability

Globalization has both positive and negative impact on sustainability of business enterprises. The nature of impact depends on the size, type, and nature of business that an enterprise is doing with its area of operation. The impact of globalization, especially in terms of sustainability is depicted in figure 4.

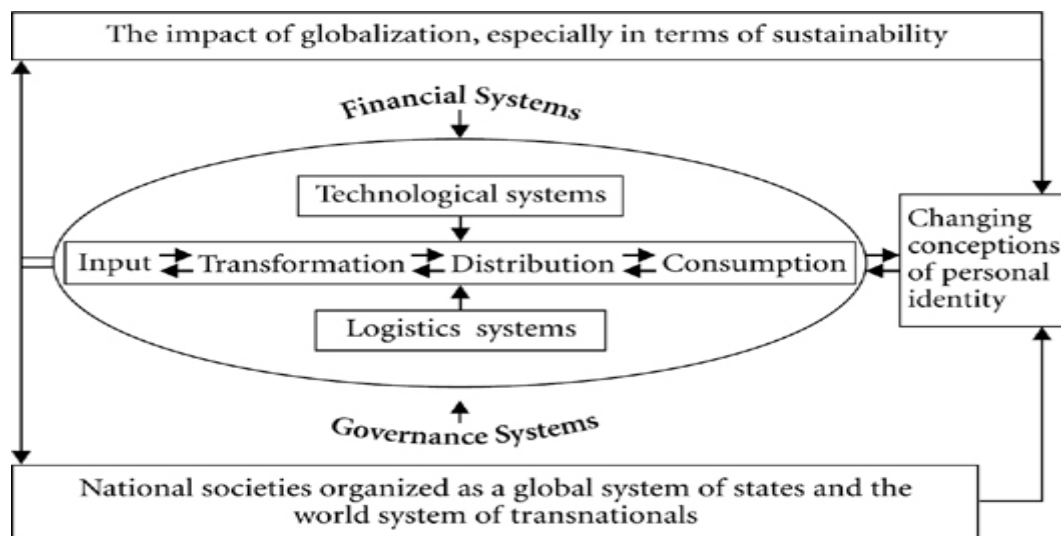


Figure 4: Impact of Globalization on business sustainability

The cooperatives as social business enterprises are resilient in the epoch of LPG. Whatever may be the reforms the cooperatives proved that they are stronger than that of other forms of enterprises worldwide. The business sustainability of cooperatives in terms of economic, social and environmental sustainability can be understood in figure 5. It can be understood by way of analysing the economic, social, and environmental sustainability needs. The cooperatives intend to not only benefit their own members economically but also have positive social and ecological sustainability impacts. From the Kulturland preamble (Kulturland eG 2014): “*The use of agricultural land should not be determined by only rules to maximize profit*”. “Agriculture should rather preserve the fertility of the soil in the long term, produce plant products combined



with high biodiversity and thus *support livelihood for humans and animals*. It maintains and preserves cultural landscapes as a place and home to human communities.” BioBoden states they are “guided by the common belief to improve the living conditions in rural areas by ecologically operated agriculture and forestry by sustainably and permanently ensuring a *responsible use of the resources required*” (BioBoden eG 2015). Thus, the cooperatives see themselves as more than a means of farming and speak to economic, social and ecological sustainability in their visions.

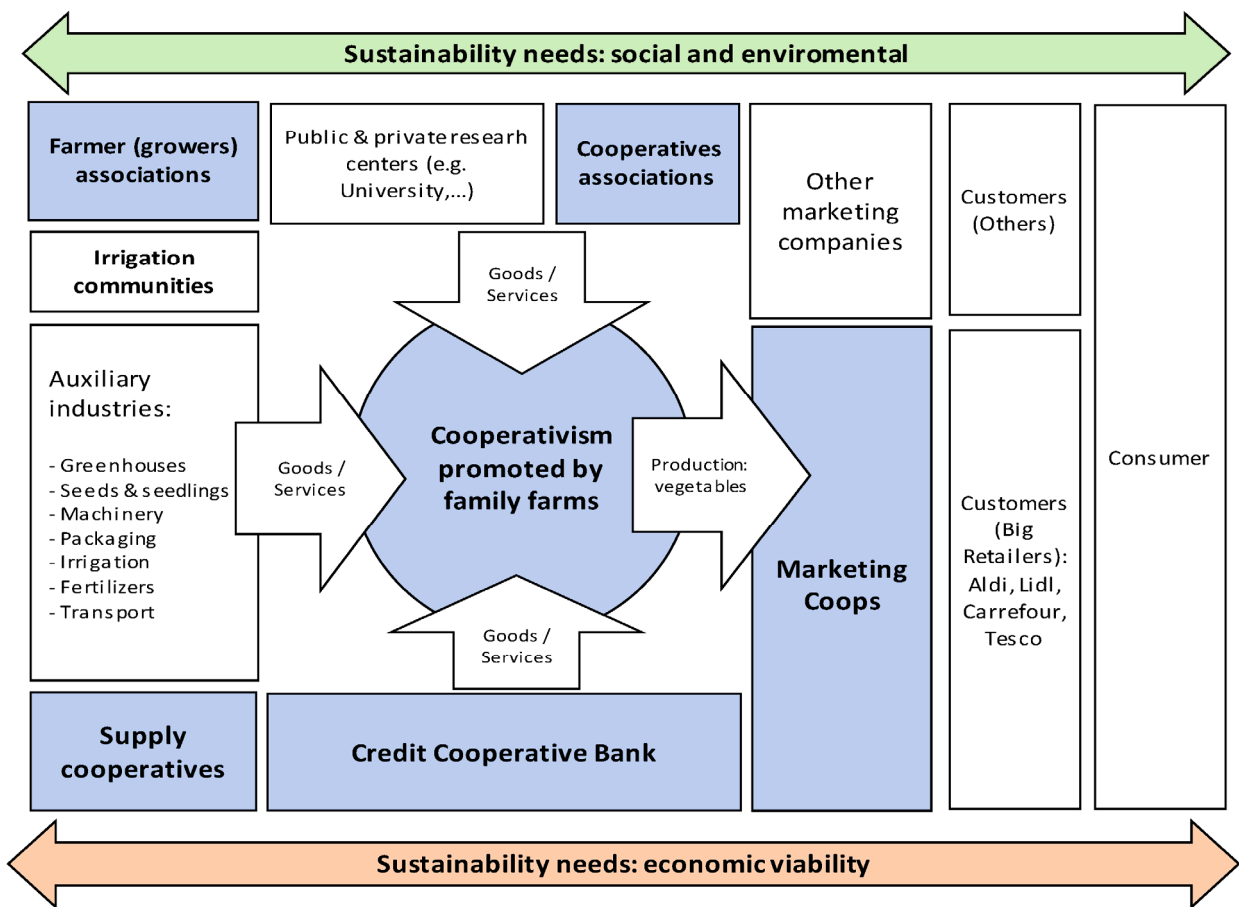


Figure 5: Cooperatives and Sustainability Needs

Cooperatives as social enterprises dominate global economy by means of balancing economic and social aspects in undertaking different activities for the benefit of the community. Following the continuum logic, the double pursuit of social and economic objectives is often considered as awkward and inefficient. In fact, a 'middle ground' implies a trade-off between social and economic ambitions. Changes to the Dees's framework (1998) include replacing 'mixed motives' with 'balance of' to precede 'mission and market driven'. They argue there is 'no dichotomy' between meeting social and economic goals and that 'reality is more like a continuum with many shades of grey'. The theme of balancing social and economic goals is widely perpetuated in the literature. The adaptation of the linear continuum in which attention to balance and equilibrium of social and economic goals. The typology of dual value creation, or of 'blended value', is a more holistic notion than the concept of the double, or the triple,



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To end our over-consumption of resources, the cooperative economy will need to be a circular economy: all manufactured goods will need to be designed for recycling, and all communities will need to strive to achieve zero waste. The cooperative economy will also need many place-based solutions, including:

- Urban and rural planning, zoning, and design for ecological protection and human wellbeing;
- Ecoforestry practices that protect biodiversity and lead to zero net deforestation;
- Agro-ecological farming practices that protect biodiversity and restore farmland;
- Marine protected areas, ecological fisheries-management treaties based on Lin Ostrom's
- principles of commons ownership, and Territorial Use Rights for Fishing programs.

5. Cooperative Economy: A Dream as a Sustainable Value Model

More than 150 years or so, two socio-economic systems have dominated the world: capitalism and communism. Capitalism is synonymous with individual ownership and private enterprise, and communism is synonymous with state ownership and public enterprise. All of us are familiar with both systems. However, there is a third model, sometimes called 'the third way' or the cooperative economy, which offers an alternative future, one that, potentially, should avoid the excesses and disasters of both capitalism and communism.

A cooperative economy means that the community decides its economic system. The economy is a social, participatory phenomenon and achieving an independent fair social economy is no less important than security, politics and diplomacy. Building a free and fair economy and achieving self-sufficiency begins with the smallest unit in society, which is a commune, and the effective participation of stakeholders of the cooperative economy. Further, all the political and administrative institutions as well as the security forces must unite and participate in supporting the co-operative economy and thus attain self-sufficiency. Cooperative economy is as a model for an alternative to the exploitative capitalist economy.

A cooperative economy is an **economic** system whereby those who employ its specific operating principles and embrace its explicit values can meet their basic needs in personally, socially, and environmentally responsible ways.

In its original meaning 'ekonomos' was the activity a household engaged in for the purpose of meeting its members' basic needs; it was not connected to the idea of financial investment or financial profit. This echoes the vision of the cooperative economy put forth by the Rochdale Pioneer Society in England, widely considered the first "modern" cooperative.



A cooperative economy is an economic system whereby those who employ its specific operating principles and embrace its explicit values can meet their basic needs in personally, socially, and environmentally responsible ways. This 'multiple-bottom line' accounting has become widely known as "the cooperative difference". There are almost no accredited US universities or colleges offering business courses based on the cooperative economy, but there is an international Master's program designed by and for co-op and credit union managers that is based on exploring how a locally based, democratically run cooperative economy differs from an economy driven by profit-maximizing, often remote investors.

5.1. Cooperativization of Economy

Cooperativization shifts the basic priority of society's productive infrastructure from profits to needs. Making profits is a quantitative and infinite goal, meeting needs a qualitative and inherently finite one. We expose here the radically non-capitalist roots of cooperatives. This allows us to see how cooperativization undoes globalizing capitalism and *at the same time* replaces and improves on its processes in a non-violent manner.

First, capital - the labor power of a cooperative's workforce and the plant it owns - is *tied down* to commuting distance of workers' homes. Since the cooperative is for them a reliable source of livelihood, the "*runaway*" shop where capital seeks distant, cheaper labor is all but ruled out. In this, cooperativization will aid and be aided by measures such as cancelling third world debt, closing off-shore tax havens, and converting free trade into fair trade with long-term contracts.

Secondly, and more important, as it proceeds, cooperativization ends the very *accumulation* of capital as social power. The upward metamorphosis of labor time into value and thence into profit and capital is blocked, like a crimp in a water-hose. Profit goes *no further up the scale of social power than the workforce whose labor time created it*. This control allows members to "*take*" earnings either as money or as free time. Accumulation blocked, Wall Street withers away, for want both of capital inflows and investment opportunities.

Thirdly, cooperativization restricts spread of exploitation to new arenas. Exploitation-free social space is expanded with each new democratic work-site. The single group of worker-owners thus created cannot be said to exploit *itself* in the capitalist sense. The system's main pillar and main evil, is thus dismantled.

Cooperativization, then, by avoiding old errors, re-opens an historical future beyond our impasse that allows renewed forward motion. No utopia is before us and no reversal of gains is ruled out. But, pursued with vigilant focus on the end in view, it offers at least a clear first step toward a better world.

5.2. Cooperative Economy: Evidences from the Globe

Cooperative enterprises are major players in the global economy. They range from small grassroots initiatives to multi-billion dollar businesses and operate in all sectors of the economy. According to the most recent figures of the International Co-operative Alliance, the 300 largest cooperatives in the world have a combined turnover of USD 2.2 trillion. Furthermore, a recent study indicates that 250 million people are employed or earn their living thanks to a cooperative enterprise. Cooperatives have proven to be more resilient to the deepening global economic and jobs crisis than other economic actors according to an ILO study (http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS_105073/lang-en/index.htm). Furthermore, a study by the European Confederation of Cooperatives found that the cooperatives' long-term approach has helped them to anticipate and address changes in the context of the financial crisis (<http://www.cecop.coop/Beyond-the-Crisis-Cooperatives>).



The scholars' neglect of cooperatives is even more surprising in the light of their contribution to economic development. More than 50% of Swiss inhabitants are members of one of the two (if not both) big retail cooperatives, 10% of the jobs are offered by cooperatives (the retailer Migros is even the country's biggest employer), and the 12 biggest (out of approximately 9'600) cooperatives in Switzerland show a combined net profit of 2.8 billion Swiss Francs despite the crisis. Worldwide, 1 billion people are members of cooperatives (ICA, 2011). These cooperatives hire over 100 million workers in all domains of social and economic activity. Only in the saving and finance sector, over 50'000 cooperatives manage over 1'300 billion dollars assets belonging to almost 200 million members in 97 countries, and in Northern America, 44% of the population is member of a Credit Union (World Council of Credit Unions, 2010).

Because of the special care given to working conditions by worker cooperatives, the International Labor Organization officially recommends cooperatives as the most appropriate legal form in the context of its decent work agenda (Recommendation R193, 2002, see also International Labor Organization, 2000). In the same vein, the United Nations declared 2012 International Year of Cooperatives, acknowledging "that cooperatives, in their various forms, promote the fullest possible participation in the economic and social development of all people" and "are becoming a major factor of economic and social development" (UN Resolution A/RES/64/136).

The recent data on cooperatives worldwide according to World Cooperative Monitor (2021) is given in the following figure wherein sector-wise cooperative turnover contribution is presented.

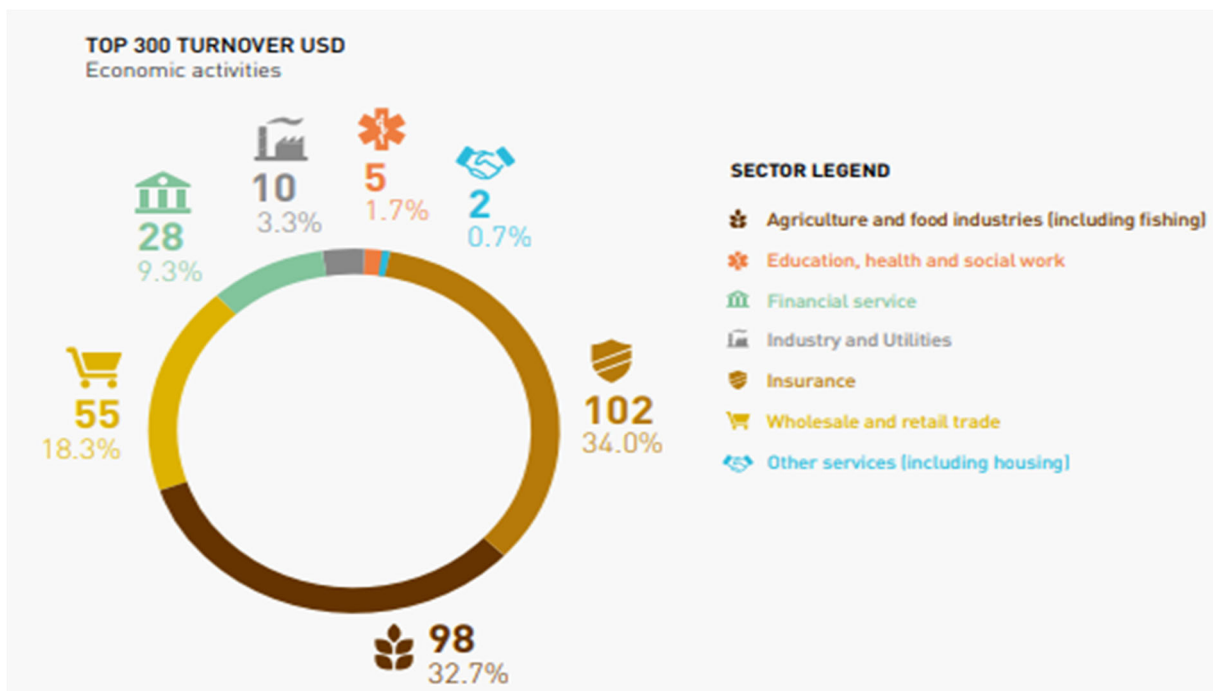


Figure 6: Turnover of global coop movement by sector (Source: World Coop Monitor, 2021)



Cooperatives represent an important part of economic activity despite their primary focus on their members' concerns. They fully fit in the original definition proposed by Delors for the third sector, who insists on the economic dimension of the endeavor. Cooperatives are in his view prototypical of the third sector. This view has however not become mainstream as other authors insist on the separation, among non-state, non-business actors, between those having a strong economic anchorage and possibilities to distribute profit (e.g., cooperatives), and those which cannot distribute any profit. Over time, this second category, made mainly of associations and foundations, have become considered as the prototypes of third sector actors, leaving cooperatives in a vacuum between business, state, and third sector. It is now increasingly recognized that the co-operative system in India has the capacity and potentiality to neutralize the adverse effects emerging from the process of globalization and liberalization, and continue to play an important role in employment promotion and poverty alleviation, both as production enterprises – mainly of the self-employed – and as providers of services to members. Although cooperatives are not instruments of employment promotion, they do effectively create and maintain employment in both urban and rural areas and thus provide income to both members and employees in the form of shares of surplus, wages and salaries or profits depending of the type of cooperatives. Cooperatives have immense potential to deliver goods and services in areas where both the state and the private sector have failed.

5.3. Cooperative Economy: Stance of Public and Private Enterprises

In a cooperative economy cooperative enterprise is the norm, and public and private enterprise only occurs where cooperative enterprise is not suitable. In line with this principle, cooperative enterprises would produce and distribute all types of goods – essential, semi-essential, and non-essential or luxuries – and provide all types of services.

5.3.1. The public sector in a cooperative economy might include large-scale industries, telecommunications, public water supplies, roads, railways, airlines, civil defence, some research and development, public education, hospitals, universities, etc. The role of the public sector would be clearly defined, public sector enterprises would be regulated by the local, state or federal government, and such enterprises would function as statutory authorities, independent of direct government involvement. Workers in a public sector enterprise would have the right to elect their own representatives on to their board of directors. Generally large-scale public sector enterprises would strive to make a profit. However, some large-scale key industries, such as those that supply raw materials, would function as no-profit-no-loss enterprises. They would supply raw materials at cost to other large scale producers and to producers' cooperatives. In a cooperative economy, the exact line of demarcation between public and cooperative enterprises would be a policy and legislative issue, and would include room for flexibility.

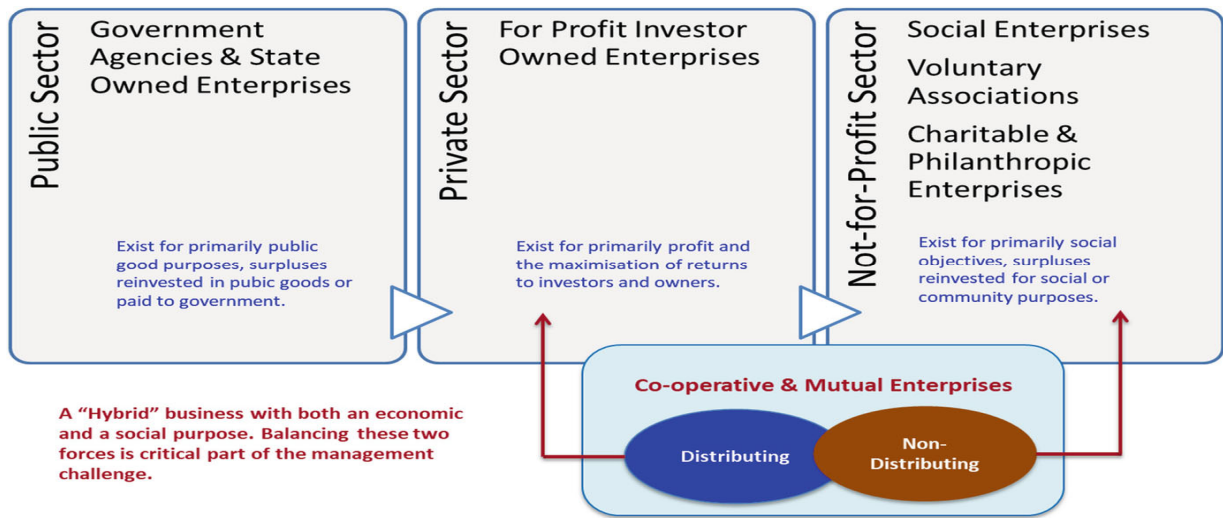


Figure 6: Stance of Public and Private Enterprises in a Cooperative Economy

5.3.2. The private sector in a cooperative economy would be limited to small-scale businesses, and it would be restricted to producing and distributing non-essential goods and providing non-essential services. Private enterprises that grew too large would be required to transform themselves into cooperatives.

5.3.3. The cooperative sector: The cooperative sector would be the largest sector in a cooperative economy. Although cooperatives are often seen as small experiments, the cooperative economy has major success stories and the model is becoming increasingly popular around the world. The cooperative sector would be divided into three main subsectors: cooperatively-run businesses, b) a range of community-based organisations, and c) households.

a) Cooperative businesses include farmers' cooperatives, farmers'-cum-producers' cooperatives, producers' cooperatives, workers' cooperatives, industrial cooperatives, cooperative banks, financial cooperatives, and cooperatives that provide a range of other services, such as health care and legal services. Such cooperatives would be designed to be successful business enterprises and to make a profit. Most small, medium and large businesses that we see in the world today would be transformed into cooperative enterprises in a cooperative economy. If your co-op and your members love a certain product, you can make your supply of it more sustainable by helping that local producer organize a cooperative with other local producers. By demonstrating the benefits of cooperatives to our suppliers, we will be helping to create a greater understanding and acceptance of the model.

b) The second branch of the cooperative sector includes a range of community-based organisations. It includes community groups, sporting clubs, charities, cultural and religious organisations, environmental groups, non-profit organisations, nongovernment organisations (NGOs), mutual societies, and other similar types of organisations. This branch of the cooperative sector is important because it reflects the ideals and values of a community, and is a rich source of social capital. It includes the organisations and networks that make up civil society, and which perform many beneficial works not done by businesses or governments.



c) The third branch includes household economies. Household economies are good examples of cooperative principles at work, and they can give us some useful insights into how a cooperative economy might function. For example, the members of a household generally share resources, cooperate together for their mutual benefit, and enjoy a shared sense of belonging. Household production, household work, child rearing, and the role of mothers and carers, which are generally not included in the formal economy today, all would be recognized in a cooperative economy.

5.3.4. Balanced economic development: Balanced economic development would ensure that a cooperative economy would not be either under-developed or over-developed. A balanced economy is one in which the agricultural sector, agrico- and agro-industries ('pre-harvest' and 'post-harvest' industries respectively), manufacturing and the service sector all develop in balanced proportion. A balanced cooperative economy would place great importance on agrico- and agro-industries as a means of developing a sustainable economy.

5.4. Globalization and Cooperative Economy

As far as possible, a cooperative economy would adopt the principle of political centralization and economic decentralization. When local communities around the world have economic security, and socio-economic units provide people with the basic necessities and an increasing standard of living, people will naturally see the advantages of a world administration. A common philosophy of life, a world-wide penal code, and a global constitution that protects local communities and contains a strong bill of rights, can make globalization work for all.

So we can see that a well-developed cooperative economy would contain a range of features that, potentially, can offer a new direction for humanity. The challenge of integrating communities, economies and natural environments into sustainable systems could well be mastered, if we choose to develop a cooperative economic model.

To sum up, Our nation consists of various sectors of organizations such as government sector, public sector, corporate (private sector), cooperative sector, MSME (Micro, Small, Medium enterprises) sector, NGOs sector. However the large number of populations forms the cooperative sector consisting of needy individuals. The challenge of transition from poverty ridden nation to a prosperous nation, calls for an initiative to be taken by the most informed, knowledge based and economically well placed sectors particularly cooperatives with the support of government policies and executive processes and procedures. To convert the challenge into opportunity, we need to focus on creating a value model for organizational culture. To reap the real benefits of liberalization, privatization and globalization it is time organizations set a "stage" ready to curtail the challenging phase of economic transition i.e. to play a decisive role in the turbulently competitive global economy. Through the slogan "Sustainable societies through cooperation" we have been showing how, thanks to our values, principles and governance structures, cooperatives have sustainability and resilience at their core, with concern for community as the seventh of their guiding principles. Sustainable societies are ones that reflect the environmental, social and economic limits to growth. By their very nature, cooperatives play a triple role: as economic actors they create opportunities for jobs, livelihoods and income generation; as people-centered enterprises with social goals they contribute to social equity and justice; as democratic institutions, they are controlled by their members, playing a leading role in society and local communities. Cooperatives have a unique contribution to make to delivering all the Sustainable Development Goals and their associated targets. In 2016, the



International Cooperative Alliance launched the campaign www.Coopsfor2030.coop to show cooperatives' commitment to the UN's Sustainable Development Goals and celebrate the cooperative contribution to making the world a better place. Cooperatives have experience in building sustainable and resilient societies and they increasingly do it in a planet-friendly way *that we must improve the present and preserve the future for the next generations and that we are proud to be part of this movement. Cooperative a movement with values and principles; a movement committed to social justice and environmental sustainability contributing to agriculture, industry and service sectors of economy.* In the age of failing globalization, cooperatives are the microcosms of a more stable and resilient economy. Hence, *"Cooperativization of Economy" is highly required, which will lead to **vibrant and virile value model of Cooperative Economy sustain the attire of LPG.***

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