

**Sharing economy: an African business ethics perspective on cooperatives, social enterprises, anarchic enterprises, microfinance.**

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## Context

“The historic social contract between business, government and society seems to be broken... We see a growing public indignation at the perceived disconnect between perks for the few and the rights of many. **Citizens are demanding more collaborative, sustainable and inclusive methods of value(s) co-creation.**”

WEF – Global Agenda  
Council on Values



## Response

“Social Economy activities put people and their community, rather than profit, at the centre of their goal. Social economy entities do not primarily pursue the goal of profit, but aim at creating economic and social surplus. The Social Economy is defined by a thriving and growing array of enterprises and organisations that include in particular cooperatives, mutual benefit societies, associations and social enterprises. Social economy enterprises are run like businesses, producing goods and services pursuing economic, social and societal goals. **Social economy enterprises and organisations serve and enable their members to take part in the market, and defending their economic, social and societal interests and aspirations.**”

ILO

## Economy

- post-recession - rethink, reform, model...

## Environment

- climate change, biodiversity loss, resource depletion - mitigate, adapt, innovate...

## Society

- inequality, restlessness, volatility – develop, share, reconcile, collaborate...

## Culture

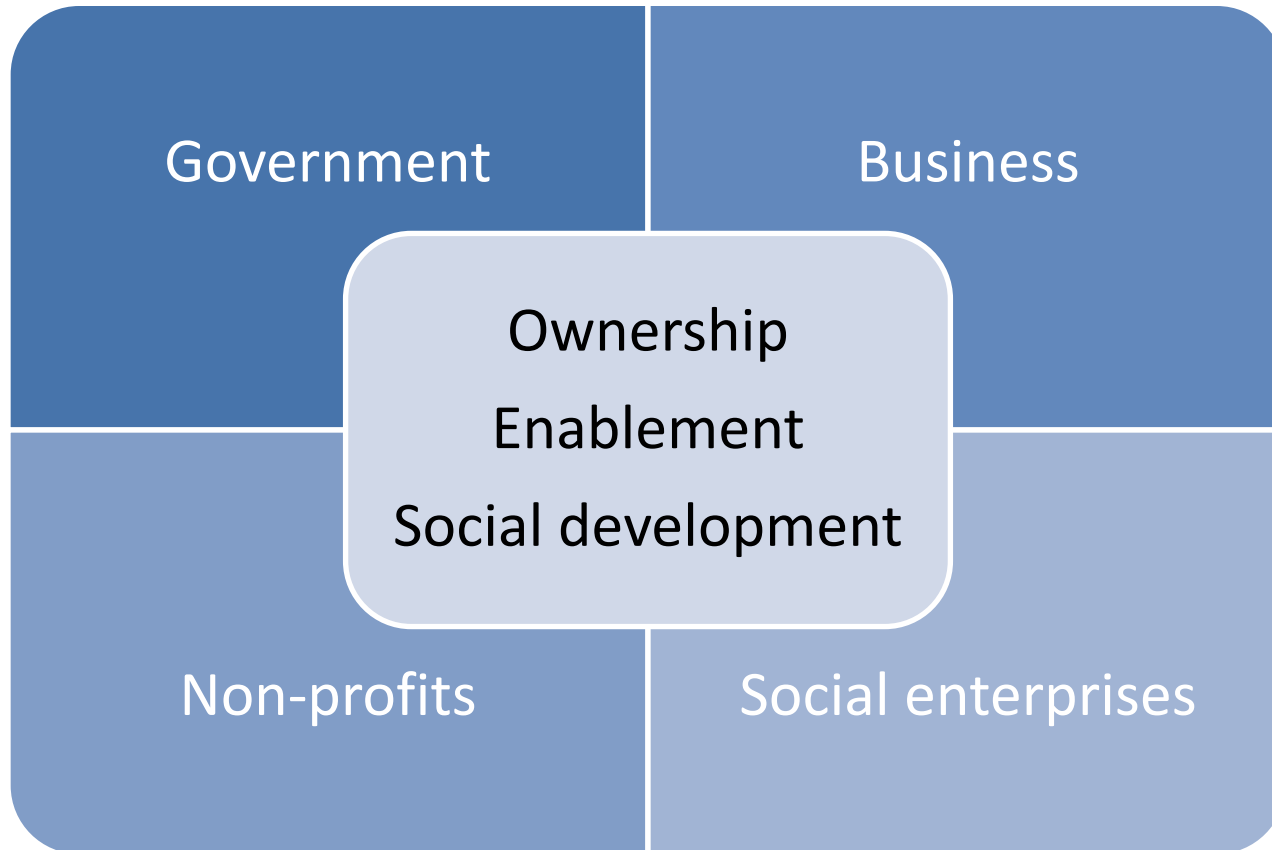
- post-secular? – purpose, spirituality, values, community...



- Development optimism
  - Resource boom
  - Investment growth
  - Industry expansion
- Areas of concern
  - Resource prostitution
  - Social vulnerability
  - Governance gaps



- Post-apartheid transformation
- Prominent socio-economic focus
- Emerging green economy developments



## Priorities

- Ownership:
  - land, money, minerals
- Enablement:
  - education and skills for access to jobs, careers and businesses
- Social development
  - servicing and advancing the base of the economic pyramid

## Actors

- Government
  - land reform, affirmative action, small business development, cooperatives, social grants
- Business
  - ownership, management control, skills development, enterprise and supplier development and socio-economic development
- Non-profits
  - grant intermediaries and development agencies for social and/or environmental causes
- Social enterprises
  - service delivery gaps, social innovation, base of the pyramid initiatives, green economy “opportunism”

Cooperatives are well researched across Africa and some generic perspectives seem to apply in a variety of contexts. The lessons are applicable to other forms of social economy initiatives / institutions.

- Definition:
  - “association of persons united voluntarily to meet their common economic and social needs through a jointly owned and democratically controlled enterprise organised and operated on cooperative principles”
  - “based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity” (International Cooperative Alliance)
- Benefits:
  - Economic: managerial economies of scale, increased market power, improved performance
  - Social inclusion: social action and pro-poor market development (market arrangements plus access - local and international)



- Challenges:
  - Poorly defined property rights and conflicts between efficiency and equity
    - Free-riders
    - Investment horizon
    - Investment portfolio
    - Agency control
    - Voting influence



## Dilemmas:



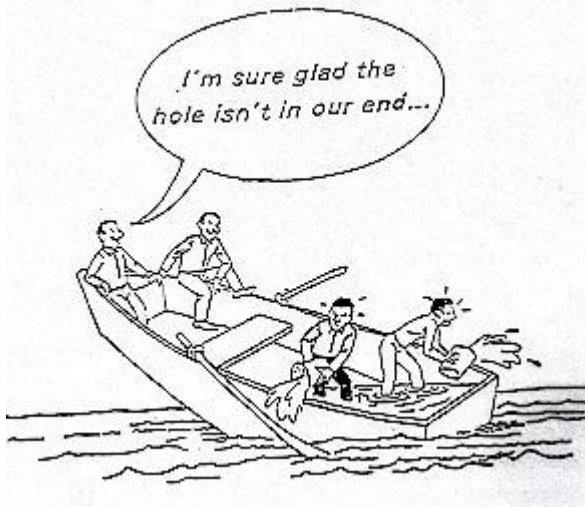
- **Change paradigms:** regulatory vs values-driven approaches
- **Ownership merits:** historical claims vs modern property rights
- **Participation access:** affirmative action vs merit-based criteria
- **Resource stewardship:** sustainability limitations vs socio-economic imperatives
- **Socio-economic advancement:** social grants/philanthropy vs capacity building for personal accountability
- **Organisational form-giving:** conventional categories vs hybrid approaches

## Principles and values



- **Macro-context:** Africa at the confluence of Western individualism, African communalism and Asian internationalisation
- **Meso-context:** the way in which shareholder, stakeholder and ubuntu-based views on economic participation are shaping African society
- **Micro-context:** the values inherent to sharing economy institutions, e.g. self-help, self-responsibility, democracy, equality, equity, solidarity

## Systemic thinking



(Google images)

- A societal ethos aimed at social cohesion with actionable strategies for social capital development
- Multi-tiered perspective accounting for different levels of sophistication within context
- Multi-actor approach engaging different societal sectors, industries and actors
- Educational and capacity building interventions especially in contexts of low literacy and business acumen

- African Social Enterprise Network ([www.asenetwork.org](http://www.asenetwork.org)): A membership organisation that studies promotes social entrepreneurship
- Centre for Financial Regulation and Inclusion ([www.cenfri.org](http://www.cenfri.org)): a non-profit think tank that supports financial sector development and financial inclusion
- International Cooperative Alliance (<http://ica.coop/en/ica>): an independent, non-governmental organisation established in 1895 to unite, represent and serve co-operatives worldwide. Specific reference to African members can be found at <http://ica.coop/en/ica-members/africa>.

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