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The FairShares Model:

A communitarian pluralist approach to constituting social enterprises?

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Abstract

Objectives - This paper is an exploration of the intellectual antecedents and philosophical assumptions that underpin the FairShares Model - a set of brand principles and Articles of Association published by the FairShares Association. It contributes to knowledge of the history of the social enterprise movement and its link to contemporary developments in mutual social enterprises.

Prior Work - Previous contributions to the literature on social economy have drawn on communitarian philosophy to develop insights into mutual principles. This paper sets out a theoretical framework to evaluate whether the *FairShares Model* represents a communitarian pluralist discourse on the constitution of social enterprises.

Approach - In January 2013, the FairShares Association published guidance on the FairShares 'brand' and 'model' (drawing on work presented at ISBE) to develop the concept of a 'socialised' enterprise . The framework developed from prior work is used to assess which aspects of communitarian philosophy are emphasized in both antecedent model rules (identified by the FairShares Association) as well as the *FairShares Model* (v1.2a).

Results - The *FairShares Model* is theorised as a predominantly communitarian pluralist discourse with some 'corporatist' commitments. It represents an evolving set of guidelines for the 'socialisation' of enterprise by devising membership rights for two primary stakeholders (labour, users), and two secondary stakeholders (founders, investors). It is designed to reverse the centralising and accumulating tendencies of the private sector without returning assets to state control. It differs from philanthropic models by offering co-operative (par value) shares to three member classes: founders, labour and users, and (ordinary) 'investor' shares to all classes of member.

Implications - The FairShares Model contributes to knowledge on the 'socialisation' of enterprise by identifying core characteristics of member-owned enterprises that deploy strategies for multi-stakeholder ownership, governance and management.

Value – By operationalising a communitarian pluralist discourse in the process of constituting a social enterprise, the *FairShares Model* offers an alternative to private sector models based on the subordination of labour and mutual models based on the primacy of a single stakeholder group.

Keywords: communitarian philosophy, co-operation, mutuality, social enterprise, social innovation

Introduction

This paper examines the emergence of the *FairShares Model* – a set of principles for the constitution of social enterprises based on the integration of 'founders', 'users', 'labour' and 'investors'. It has emerged from the works of practitioners, academics and consultants who have a specialist interest in constituting (and studying the constitution of) co-operative and social enterprises. The paper reflects on the founding research to answer the question 'To what extent is the *FairShares Model* a communitarian pluralist approach to constituting social enterprises?' By grounding a discussion in the systematic study of antecedent model Articles of Association, the paper contributes a new history to the development of social enterprise that is grounded in the praxis of communitarian pluralism.

The *FairShares Model* is presented by founders of the FairShares Association as a set of brand principles and collection of model rules for 'self-governing co-operatives, mutuals and social enterprises' (Ridley-Duff et al., 2013, p. 4). Paradoxically, it is both an end point and start point for practitioner debates about constitutional issues: it represents an end-point for proprietary model rules abandoned in favour of the *FairShares Model*. Concurrently, it represents a new starting point for a broad community of social enterprise practitioners to debate multi-stakeholder principles.

The paper is divided into five parts. In the first part, we set out the assumptions of communitarian philosophy and distinguish unitary and pluralist applications. In doing so, the concept of communitarian pluralism is defined with sufficient precision to act as a theoretical lens through which to assess the *FairShares Model*. In the second section, we outline the methodology for the study and the source of information collected about the intellectual antecedents of the *FairShares Model*. In the third section, we report our findings on historical precedents and antecedent model rules from which the *FairShares Model* takes its heritage. This historical perspective enables links between concepts in the antecedents to be mapped against the concepts in the new model. Having done so, we identify core propositions in the *FairShares Model* and argue that they represent a communitarian pluralist discourse on the 'socialisation' of enterprise ownership, governance and management. To conclude the paper, we briefly compare this to discourses on 'privatisation' and 'nationalisation'.

Communitarian Pluralism

Communitarian pluralism is a distinct strand of thought within the broader field of communitarian philosophy (Driver and Martell, 1997; Crowder, 2006). In the context of business, communitarian philosophy has been linked to both collectivist forms of ownership and stakeholder (rather than shareholder) governance (Vinten, 2001; Ridley-Duff, 2007, 2010).

Communitarian philosophy positions itself in opposition to liberal writings on individualism. Influenced by theorists such as Avineri and de-Shalit (1992), communitarians criticise individualist philosophy on the basis that it misrepresents the individual in society. They believe that people are profoundly influenced by social, cultural and historical contexts to the extent that their thoughts, desires, narratives of action and personal agency are all contingent on community relationships (Lukes, 1974, Habermas, 1987).

Driver and Martell (1997) helpfully review the dimensions and arguments for variations in communitarian philosophy. They identity three arguments: a) a sociological argument that people are primarily social beings rather than isolated individuals; b) an ethical argument that 'community' is 'good' because systems of collective provision secure individual well-being, and c) a meta-ethical argument that goodness and virtue are products of discourse in the community that cannot be standardised. While the above represent arguments *for* communitarianism, they leave open questions about the policies and practices that create a communitarian culture. In an attempt to answer this, Driver and Martell (1997) created a theoretical framework for comparing 'unitarist' (conformist) and 'pluralist' (liberal) variants of communitarianism (see Figure 3).

Figure 1 – Dimensions of Communitarian Philosophy

Conformist (Unitarist) ⟷	**Pluralist**
More Conditional (rights in return for responsibilities)	Less Conditional (rights not conditional on responsibilities)
Conservative (socially conservative)	Progressive (socially liberal)
Prescriptive (systems for the enforcement of social norms)	Voluntary (loose networks with varying social norms)
Moral (driven by religion and/or ideology)	Socio-Economic (driven by self-regulating 'relations of production')
Corporatist (rights / responsibilities apply to organisations)	Individualist (rights / responsibilities apply to individuals)

A *unitary* form of communitarianism is socially conservative, sets expectation of discipline from community members in observance of moral norms that represent the 'conditions' of community membership. Moreover, unitary communitarians argue for the extension of these values to both 'legal persons' (i.e. incorporated organisations) and 'natural persons'. They set out expectations that corporations will accept a responsibility to contribute to community well-being. A *pluralist* form of communitarianism does not make community membership conditional on obedience to fixed social norms. As such it is more socially liberal, less normative, and adopts a socio-economic perspective that it is preferable for human values to be regulated by democratic institutions than by central religious or political 'authorities'.

Whereas Coase (1937) assumed that enterprise cultures are unitary because decisions are under the control of an entrepreneur, Tam argues for alternatives that:

> *…treat [enterprise] workers, suppliers and customers, as well as their senior management and shareholders, as members of a shared community…Cooperation in this context does not mean bargaining to secure the best advantage for one's own group with minimal concession to others, but to developing shared values and long-term goals.*
>
> Tam (1999:10)

In assessing the *FairShares Model*, it is worth noting Tam's starting point: a multi-stakeholder orientation that includes "workers, suppliers and customers…senior managers and shareholders". He argues for co-operative inquiry to reconcile tensions in personal and group agendas. Echoes of these sentiments emerged in empirical studies of the *Community Company Model* (Coad and Cullen, 2001; Ridley-Duff *et al.*, 2003; Ridley-Duff, 2010). In a submission to a UK government consultation, social systems in the *Community Company Model* are identified for enterprise 'ownership', 'governance' and 'management'. Each is modified to allow groups with divergent interests to co-exist.

Prior work by Ridley-Duff between 2003 – 2012 identifies differences in unitary and pluralist approaches to enterprise development. As a result, it is possible to summarise choices at incorporation (or conversion) linked to unitarist and pluralist systems of ownership, governance and management. By using these choices as proxies, a framework for assessing the application of communitarian philosophy in the *FairShares Model* can be outlined (see Figure 2).

Figure 2 – Communitarian Philosophy in Enterprise Design

Proxies for a Unitarist Culture	Proxies for a Pluralist Culture	Academic Sources
	Ownership	
Single class of shareholders/members	Multiple classes of shareholders/members	Atherton et al., 2012; Birchall, 2011, 2012; Ridley-Duff and Bull, 2011.
Common ownership	Joint ownership / co-ownership	Gates, 1998; Brown, 2004; Reeves, 2007; Ridley-Duff, 2007, 2012
Owners / trustees from a single stakeholder group	Owners / trustees from two or more stakeholders, particularly employees and community beneficiaries.	Brown, 2006; Chadwick-Coule, 2011; Ridley-Duff and Bull, 2013.
	Governance	
Centrally controlled (hierarchy of) governing bodies	Loose network of governing bodies	Whyte and Whyte, 1991; Turnbull, 1994, 1995, 2002.
Representative democracy and/or autocracy	Associative democracy and/or sociocracy	Hirst, 1994; Romme, 1999; Romme, and Endenburg, 2006; Smith and Teasdale, 2012.
Single beneficiary group	Multiple beneficiary groups	Vinten, 2001; Ridley-Duff et al., 2003; Ridley-Duff, 2007; Chadwick-Coule, 2011.
	Management	
One stakeholder's political interests dominate	Reconciliation / negotiation of stakeholder interests	Amin, 2009; Ridley-Duff and Bennett, 2011; Smith and Teasdale, 2012.
Line management / line reporting systems	Matrix management / flexible reporting systems	Turnbull, 2002; Bull and Crompton, 2006; Bull, 2007; Cathcart, 2009, 2013.
Employment relations / economic entrepreneurship	Member relations / associative entrepreneurship	Chell, 2007; Scott-Cato *et al.*, 2008; Erdal, 2011; Birchall, 2011.

Recognising that there are different social systems for ownership, governance and management helps with interpreting paradoxes in studies of 'alternative' organisations. For example Melman (2001) highlights how employee-*ownership* may not be accompanied by employee-*participation* in governance or management. Similarly, texts on employee engagement rarely move beyond detailed discussions of participatory

management to consider the role of *ownership* and *governance* (compare Macey and Schneider, 2008 with Matrix Evidence, 2010).

Methodology

This research treats the *FairShares Model* as a case study in social enterprise development (Rule and John, 2011). At this stage, the generalisability of the findings is less important than understanding them. A rich case study interpreted through the lens of communitarian pluralism (Figures 1 and 2) provides a methodology for comparing different approaches to social enterprise. This in itself represents a valuable contribution to knowledge.

In this study, the closeness of one author to the development of the *FairShares Model* creates a methodological challenge. Ridley-Duff's position as a co-author (and co-founder of the FairShares Association) increases the need for epistemic reflexivity (Johnson and Duberley, 2003). For this reason, Bull – who has had no formal involvement in either the design of the *FairShares Model* or the founding of the association - provides critical oversight of the interpretation of the material and a third party perspective on its relevance to social economy. To improve robustness, documentation provided by the FairShares Association was imported into NVivo for thematic analysis. No restrictions were placed on access.

For Ridley-Duff, the study is an auto-ethnographic exploration of previous research (McIlveen, 2008; Chang, 2008), and the way this has contributed to the formulation of a set of principles. A further motivation comes from founders and supporters of the *FairShares Model* who have requested clearer information on its core characteristics. For Bull, the study represents an initial engagement with the *FairShares Model* to add to a programme of research on organisational identity in the social economy (see Seanor *et al.*, 2013), strategic management in social enterprise (Bull, 2007) and conceptualisations of ethical capital (Bull *et al*., 2011).

Three data collection strategies have been adopted: 1) document analysis; 2) a survey of supporters; 3) interviews with founders and supporters. This paper reports findings from 1) - document analysis. It uses theory to provide insights into context and history, based on a close reading of documentation collected between February and June 2013 from:

- **FairShares Model Dropbox** (a collection of 154 documents shared by developers of the model).
- **FairShares Wiki** (a collection of 178 web pages created for its registered supporters).

Four documents were found to contain specific information about intellectual antecedents:

- **FairShares Basics.pss** (showing links between social entrepreneurship and co-op development)
- **Antecedents of the FairShares Model (Case Studies).doc** (four critiques of antecedent model rules)
- **FairShares Model – Introduction** (see the section 'Where do these ideas come from'?)
- **New Frontiers in Democratic Self-Management** (a fresh comparison of three antecedent models)

A separate paper in 2014 will report findings from a survey and interviews with FairShares Association founders and supporters.

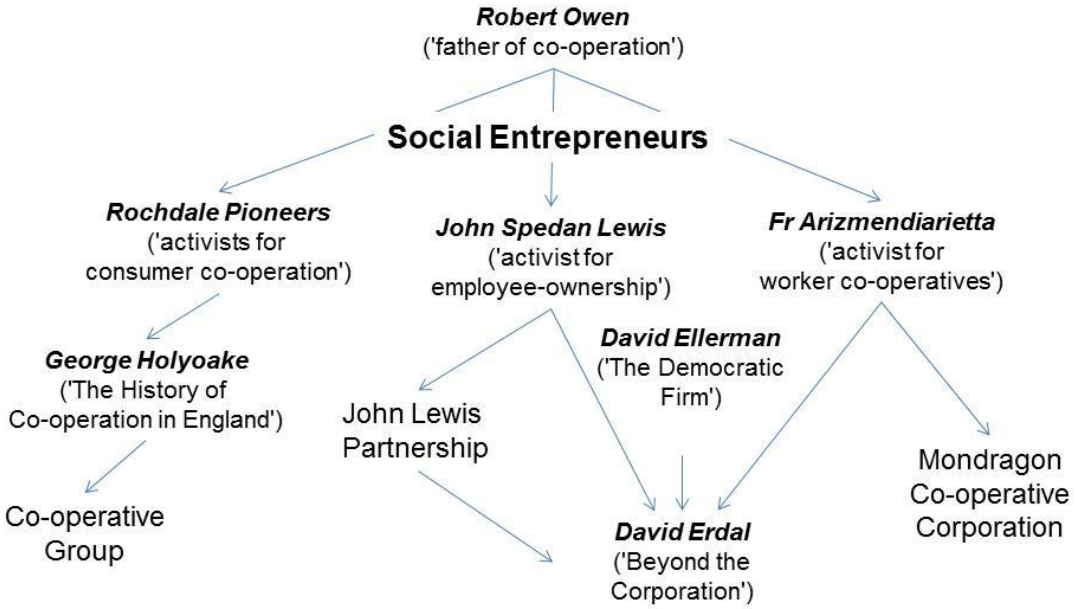
The Origins of the FairShares Model

The FairShares Wiki provides 'background' (www.fairshares.wikispot.org/background) which contains a short presentation on the roots of multi-stakeholder social enterprises. This provides a historical context for debates about the development of FairShares. Within this presentation is a diagram (Figure 3) which not only identifies traditions of *consumer co-operation*, *social entrepreneurship* and *worker co-operation* as key concepts, but also individuals and enterprises who have made significant contributions to practice.

Robert Owen lived from 1771 - 1858 and rose to prominence through New Lanark (a co-operative community). He wrote extensively about the way 'character' is formed through educational processes and working conditions, and how investments in human capital benefitted both workers themselves and the financial well-being of factory owners (Owen, 1816). The Rochdale Pioneers (to whom the Co-operative Group and the International Co-operative Alliance trace their history) included self-avowed 'Owenites'. Charles Howarth, the author the first Laws and Objects of the Rochdale Society of Equitable Pioneers, and James Daly - the society's first secretary - were also former leaders of the Owenite movement in Rochdale (Wilson, Shaw and Lonergan, 2012; Ratner, 2013).

Birchall (2012) describes nine Rochdale Principles documented by George Holyoake over two decades (Holyoake, 1922 [1858], 2013 [1877]). In the 1944 film *The Rochdale Pioneers* based on Holyoake's histories, Charles Howarth is credited with devising a key innovation of the consumer co-operative model: paying dividends in proportion to trading activity rather than capital contributions. Birchall (2012) noted that this social norm was so deeply internalised that it was unwritten until Holyoake's work communicated it to the wider co-operative movement. After codification of values and principles in 1937, an international movement developed that today has an annual turnover of more than $1.6 trillion (Euricse, 2012; Ratner, 2013).

Figure 3 – The historical foundations of multi-stakeholder social enterprise



Owen favoured co-operation at the level of the community, with industrial enterprises organised as producer co-operatives and mutual societies providing education and welfare. This influenced subsequent thinkers including John Spedan Lewis (JSL) (1948, 1954) who regarded the John Lewis Partnership (JLP) as an experiment in industrial democracy based on a 'co-operative society of producers'. JSL was also influenced by the Soviet Incops model of worker education studied by Sidney and Beatrice Webb (Lewis, 1948; cited in Cathcart, 2009). JSL spoke out vehemently against both nationalisation (which he regarded as a pathway to soviet-style communism) and a private economy of "absentee-capitalists who [get] excessive reward for their function of saving and lending" (Lewis, 1948: 173). He argued that owners should individually receive no greater compensation than professionals hired to run their organisations (Paranque and Willmott, 2013), a view rooted in bitter family arguments after JSL discovered that one year his father took more money from John Lewis and Sons Ltd than the annual wage bill for 300 workers (Cathcart, 2009).

Owen was also an important influence on Fr. Arizmendi who drew on Owen's work to formulate co-operative principles at Mondragon (BBC, 1980). Arizmendi was influenced by Owen's writings on education and the formation of character as well as Rochdale Principles regarding democracy (one-person, one-vote) and open membership (Whyte and Whyte, 1991; Birchall, 2012). In adapting the principles, Mondragon's founders developed producer co-operatives for industry and multi-stakeholder co-operatives (with both worker and consumer members) in banking, education and retailing (Ridley-Duff, 2010).

Worker and Consumer Co-operation in Practice

The John Lewis Partnership (JLP) is now frequently cited in the press as a model for both private and public sector reform[1]. As staff join, they become 'partners' of the JLP and beneficiaries of an Employee Trust that owns John Lewis Department Stores and Waitrose (a food retailer). Partners do not buy shares, nor do they receive dividends. Instead, they become beneficiaries of a trust that exists for their benefit. In the last decade the trust has paid bonuses averaging 15% of salary (Cathcart, 2013). Partners elect 80% of 82 members of a partnership council that handles social development, and 5 of the 12 directors that control commercial decisions. The partnership council has the power to remove the Chair of JLP if he or she acts unconstitutionally. In addition to store councils and management committees there is a company-wide magazine called *The Gazette* and a local magazine called *The Chronicle* for partners to engage in a constant dialogue with managers (Erdal, 2011). Finally, the company operates a system called 'The Registry' through which partners employ staff to monitor executive performance *outside* of management control (Cathcart, 2013). As JLP is owned by shares held in trust, it is an example of common ownership, rather than joint ownership or co-ownership (Ridley-Duff, 2012).

The Co-operative Group, in contrast, operates a system of individual membership based on Rochdale Principles that have been reinterpreted in 1937, 1966 and 1995 by the International Co-operative Alliance. Customers, upon becoming members, have an account to hold their capital contributions and dividends.

Each member's share of profits is dependent on levels of trading (in food retail outlets, pharmacies, a travel company, banking and financial service institutions, funeral directors, legal services and a motoring company). Rather than store councils (as happens at JLP), the Co-operative Group operate elected area committees. Regional committees uphold co-operative values and principles.[2]

Unlike John Lewis, Co-operative Group members contribute share capital to the organisation (albeit a nominal £1 deduction from their first member's dividend). The constitution of the Co-operative Group follows ICA guidelines (Cathcart, 2013) and is more readily understood as a *jointly owned* enterprise in which members control 'co-operative capital' (Brown, 2004). In a jointly owned enterprise, members of a primary stakeholder group have personal accounts for capital contributions and entitlements to a share of surpluses.

A variation on this model is practised in the Mondragon Cooperative Corporation (Whyte and Whyte, 1991). Fr. Arizmendi helped to establish industrial cooperatives to which members contribute capital (typically about two months pay at local rates). About 20% is converted to co-operative capital (Democracy at Work, 2013) while the balance becomes personal capital that attracts interest and an entitlement to a share of surpluses (typically 40-50% of the total). While the amounts invested and distributed to individual members are higher than the Co-operative Group, the system is still based on members' capital contributions, interest payments and dividend entitlements. It is a system of *joint ownership* with *commonly owned* 'co-operative capital' in reserves and investment funds.

An interesting evolution of this, and an example of *co-ownership*, is the Caja Laboral. This is the banking institution created to support the Mondragon Cooperative Corporation and its individual member-owners. While John Lewis is wholly *employee*-owned, and the Cooperative Group wholly *consumer*-owned, the Caja has features of both. Bird (2009) reports that the bank is 43% owned by workers and 57% owned by co-operatives. The governing council is formed by electing four worker representatives and eight consumer representatives[3]. The distribution of surpluses to staff is based not on the profitability of the bank, but on the profitability of its co-operative (business) members (Whyte and Whyte, 1991; Davidmann, 1996). Staff receive a share of surpluses based on how well their *customers* perform financially, not the bank.

Figure 4 - Distinguishing Private and Member-Owned Enterprises

	Unitarism Society is best served by creating consensus	**Pluralism** Society is best served by encouraging diversity
Individualism Identity is a product of free will	Private Ownership Enterprises owned and controlled by founder(s) and investors to the exclusion of primary stakeholders (Not a co-operative)	Joint Ownership Enterprises owned by a primary stakeholder group through individual member accounts. (Mutuals/cooperatives jointly owned by individual members)
Communitarianism Identity is socially constructed	Common Ownership Enterprises owned and controlled by a legal entity for a primary stakeholder with no share capital issued (e.g. mutuals/cooperatives owned by trusts, mutuals and cooperatives)	Co-ownership Combining common and joint ownership systems to promote social solidarity between stakeholders. (Mixed ownership systems that recognise individual and organisational members)

Source: Ridley-Duff, 2012, Figure 4

These examples crystalize conceptual differences: private enterprises issue governance rights to founding entrepreneurs and institutional investors through share capital; commonly owned enterprises have no share capital so governance rights are 'entrusted' to a board; *member-owned enterprises* issue governance rights to members, and also issue (non-voting) share capital on the basis of member contributions to the enterprise (see Birchall, 2011, 2012; Ridley-Duff and Bull, 2011). Where common ownership develops, this reinforces a unitary communitarianism by replacing the interests of an entrepreneur or small elite with those of a mass membership. Rights and status are conditional on obedience to moral and social standards set by a legitimating authority. Joint ownership and co-ownership differ by developing a pluralist form of communitarianism. In this case, institutions are created to reconcile competing individuals and groups on the presumption that members have equal rights and status (see Figure 4).

Social Entrepreneurship

Since the 1990s, entrepreneurial action in pursuit of social goals and society level transformations has been studied as a distinct discipline. Alvord et al. (2004) argue that *social entrepreneurship* has been theorised in a multitude of ways: as the use of business practices to make social organisations viable (Emerson and Twerksy, 1996); as action to make sustainable improvements in the well-being of marginalized communities (Dees, 1998; Nicholls, 2006); and as the reconfiguration of existing resources to improve welfare (Uphoff *et al.*, 1998). Recently, however, more focus has been placed on the value propositions of social entrepreneurs (Martin and Osberg, 2007; Chell, 2007), the social and 'shared value' they create (Porter and Kramer, 2011) and the social innovations that sustain them (Perrini and Vurco, 2006; Nicholls and Murdock, 2012). In making sense of Figure 3, we emphasise Alvord *et al.*'s (2004) contention that social entrepreneurship can be regarded as a capacity for social innovation, particularly innovations that redistribute power and wealth to create a social economy (see Amin, 2009; Ridley-Duff and Bull, 2013).

Robert Owen, the Rochdale Pioneers, John Spedan Lewis, Fr. Arizmendi (and those that subsequently built on their work) used business practices instrumentally to improve the welfare of their community. Their social entrepreneurship is expressed through social innovations in the constitution of organisations that trade to secure long-term improvements in the well-being of primary stakeholders (labour, users) and secondary stakeholders (founders, investors). Indeed, their work reframes who a 'primary stakeholder' is by redefining the role and rights of capital, criteria for enterprise membership, systems of reporting and accountability, and institutions that influence 'voice' in decision-making. In each case, the private enterprise goal of generating a financial surplus and appropriating it *from* primary stakeholders is replaced by the social enterprise goal of generating a financial surplus in order to allocate it *to* them in fairer proportions.

Integrating Co-operative Practices and Social Entrepreneurship

Ridley-Duff and Bull (2011) identity four sets of multi-stakeholder model rules (see Appendix A) that are mature attempts to connect social entrepreneurship to constitutional reforms:

1) Stakeholder Model Ltd devised by Geof Cox Associates;
2) Co-operative CIC model devised by Co-operatives UK;
3) NewCo Model devised by Morgan Killick and Bill Barker;
4) Surplus Sharing Social Enterprise Model devised by Ridley-Duff.

Further investigation of three of these models (Ridley-Duff, 2012) noted that the 2009 Somerset Rules also offer a multi-stakeholder model under Industrial and Provident Society Law (IPS). As these are cited by the FairShares Association as immediate antecedents, we now trace the connection between the wider co-operative and social enterprise movements, the antecedent model rules, and the influence they have had on the *FairShares Model*.

An introductory document (retrieved from www.fairshares.wikispot.org/FairShares_Model), states on p. 14-15 that the work of Jaroslav Vanek (1970) on Yugoslavia's co-operatives is a key intellectual source for thinking on employee-ownership and worker co-operation. Pateman (1970) identifies the Yugoslav economy as a rare governmental attempt to support a national programme of producer associations within a social economy. Vanek argued that Yugoslav[4] labour-managed firms bridged a social divide by removing ownership structures that created the incentive for managers to distance themselves socially from production workers. The logic of Vanek's argument is repeated in the works of Ellerman (1984, 1990), Turnbull (1994, 1995, 2002) and Erdal (2000, 2011). All argue that the employment relationship (within the firm) is a more significant source of exploitation and inequality than market exchange (outside the firm). The subordination of labour through employment contracts alienates the workforce (labour) from both the surplus value and Intellectual Property they create. It is the employment relationship - not market exchange - that is seen as the principle cause of poverty in post-industrial societies.

However, this is just one of several arguments that underpin the *FairShares Model*. A page of the FairShares Wiki offers alternative explanations for surplus generation and the way a FairShares Company or Co-operative should distribute surpluses:

> *The FairShares Model is based on an acceptance that there is more than one way to generate a surplus.*
>
> *1. Paying people who provide produce or labour less than their product or labour is worth;*
>
> *2. Charging customers / users more for goods and services than it costs to produce them;*
>
> *3. Investing finance in human, intellectual and social capital to reduce the costs of production.*
>
> *As there is no easy way to distinguish between labour, user and investor contributions to the creation of accounting surpluses, the members of a FairShares Company / Co-operative have to decide the proportion of profit/surplus to distribute as dividends to each group. By default, a 50/50 division is assumed where there is one primary and one secondary stakeholder (e.g. User and Investor Shareholders,*

or Labour and Investor Shareholders). Where there are two primary stakeholder groups, the default proportions are 35% (Labour), 35% (Users) and 30% (Investors).

http://www.fairshares.wikispot.org/Who_creates_the_surplus, accessed 11th July 2013.

These ideas for constituting social enterprises can be found in antecedent models (see Figure 5).

Figure 5 – Direct Influences on the Antecedents of the FairShares Model

Model	Practitioner influences cited	Theoretical influences cited
Stakeholder Model Ltd (7.1) devised by Geof Cox Associates to offer: - Stewardship Shares (trusteeship) - Partnership Shares (workers/users) - Investor Shares (supporters)	• Kermase Food Co-operative • Fair Trade Movement • Renewable Energy Corporation Ltd • Lippy People (David Tomalin) • North East Music Co-operative Ltd • New Labour debates about the retention of 'Clause 4' and common ownership.	• Co-operative journals / readings • Paul Golan and Anthony Jensen's writings on industrial relations • (opposition to) Charlie Cattell's single stakeholder / common ownership model
Co-operative CIC (7.2) devised by Co-operatives UK to 'consult' with: - Employees, Funders - Suppliers, Customers - Community Representatives	• Co-operative Legal Services • Co-operative movement members • UK Labour Government (1997 – 2003) • Industrial and Provident Society Law	• Rochdale Principles • ICA Co-operative Values and Principles (N.B. no single author cited)
NewCo Model (7.3) devised by Bill Barker and Morgan Killick: - A Shares (entrepreneurs) - B Shares (clients / customers) - C Shares (employees) - Social Equity (supporters)	• Sheffield Community Economic Development Unit (Bill Barker / Dave Thornett) • ESP Projects Ltd	• Readings on 'political economy' (in the context of MA studies) • Karl Polanyi ("Great Transformation")
Surplus Sharing Model (7.4) devised by Ridley-Duff to offer: - Founder Shares (entrepreneurs) - Labour Shares - Investor Shares	• Democratic Business Ltd (Gavin Boby) • Sheffield Co-operative Development Group (Alan Dootson) • School Trends Ltd (Peter Beeby and Rick Norris) • Employee Ownership Association (under David Erdal) • Mondragon Corporation (field visit hosted by Mikel Lezamiz) • Dr Poonam Thapa	• Co-operative and Social Enterprise Journals • Guy Major and Gavin Boby's writings on 'equity devaluation' and 'value added sharing' • *The Community Company Model* (see Coad and Cullen, 2001). N.B. Major and Boby presented their findings in a conference on Vanek's work, and also make specific mention of *The Democratic Firm* by David Ellerman as a key source.

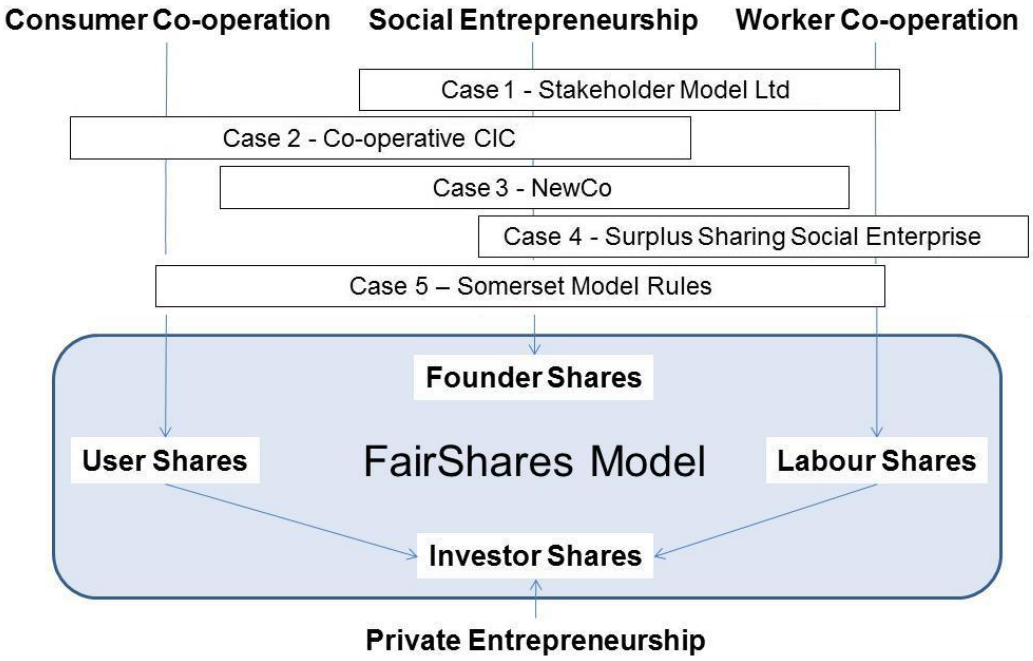
Sources: Cases 7.1 - 7.4 in Ridley-Duff and Bull (2011), and related background studies

In the narrative provided by the FairShares Association (Ridley-Duff *et al.*, 2013) the work of Guy Major and Gavin Body on a 'Democratic Business' model (Major, 1996, 1998; Major and Boby, 2000) is cited as a direct influence on the *FairShares Model*. Adapted versions of their rules were developed at Computercraft Ltd to spin out First Contact Software Ltd (2001), at New Horizons Music Ltd (2006) and Social Exchange Ltd (2007)[5]. In 2007, the 'surplus sharing' label (7.4) was attached when it was published by the Common Cause Foundation.

From 2007 onwards, the first signs of conscious convergence towards a *FairShares Model* begin to appear. The 'social economy' shareholders of the NewCo Model (Case 7.3) and commitments to social auditing and fair trade principles in the Stakeholder Model appear in version 2.0 of the Surplus Sharing Social Enterprise Model (Case 7.4). After Ridley-Duff interviewed Geof Cox and Morgan Killick in 2010 and 2012 to learn more about the development of Cases 7.1 and 7.3, the characteristics of share capital and the exclusion of pre-emption rights were reaffirmed, while modifications were made to the transferability of shares to reflect

debates about structuring fair trade supply chains and employee-owned companies (Davies *et al.*, Doherty *et al.,* 2013; 2009; Erdal, 2011). Figure 6 (retrieved from the FairShares Wiki) shows how the FairShares Association links antecedent model rules to share classes in the *FairShares Model*.

Figure 6 – Connecting Antecedent Model Rules to the FairShares Model



Source: FairShares Basics.pps, www.fairshares.wikispot.org/Background, accessed 2nd July 2013.

The influence of antecedent model rules goes deeper than share types. Case 7.1, 7.3 and 7.4 evolved multi-stakeholder governance systems that enfranchise consumers and workforce members *without* marginalising social entrepreneurs: Case 7.1 provides for Stewardship Shares; Case 7.3 has 'Class A' shares; Case 7.4 has 'founder shares'. Each model gives specific recognition and protection to the entrepreneurial labour of founders. This is a clear difference to the Co-operative CIC (7.2) and Somerset Rules – while both make commitments to multi-stakeholder governance, they do not protect the position of founders. Similarly, three cases (7.1, 7.3 and 7.4) include share types that function like Ordinary Shares in a private company. While this is retained in the Company Law version of the *FairShares Model,* the IPS version integrates ideas found in Somerset Rules (allowing members a limited share of residual assets) and the Mondragon system of 'capital accounts' (that protect each individual's share of accumulated wealth).

The *FairShares Model* depends on a capacity to issue shares and therefore is offered only under Company Law and Co-operative Law. The Company Law version includes 'investor shares' that can grow in value, and which are subject to (restricted) trading rights permitted in employee-owned companies. The Co-operative Law (IPS) version replaces 'investor shares' with 'investor accounts' that function like the 'capital accounts' at Mondragon. Investor accounts accrue interest (following Rochdale Principles) and are credited with a share of surpluses (following Mondragon Principles). In the next section, we evaluate these arrangements further using the proxies for communitarian pluralism (see Figures 1 and 2).

Is this Communitarian Pluralism?

Six variants of the *FairShares Model* are grouped into three pairs:

1. Labour dominated (Worker Co-operative / Employee-Owned Social Enterprise)
2. User dominated (User Co-operative / User-Owned Social Enterprise)
3. No dominant group (Social Co-operative / Social Enterprise)

The term 'co-operative' is used where incorporation takes place under Co-operative Law and 'social enterprise' is used where incorporation is under Company Law. In other respects, the models are aligned and have similar articles of association that use the same clause numbering system.

Pluralising Ownership

Three share types (founder, labour, user) are found across variants of *FairShares*. These have a *par value* (i.e. they do not rise and fall in price) and regulate each member's right to a 'voice', share of surpluses, and entitlement to acquire investor shares. Founder shares only grant governance and (limited) management rights to their holders, while other share types entitle holders to dividends and a share of investment capital in addition to basic rights to participate in proposing and voting on 'ordinary' or 'special' resolutions in general meeting. The creation of share classes means that 'class resolutions' (on a one shareholder, one-vote basis) can be taken in specific situations, including key decisions on merging, selling or dissolving an enterprise. As members acquire shares reflecting their participation, a founder can acquire labour and user shares, and user and labour shareholders can acquire investor shares. Investors can only acquire other share types if they co-found, trade with or work in the enterprise.

The *FairShares Model* is, therefore, primarily based on joint and co-ownership principles. With three share classes in variants 1) and 2) and four in variant 3) full provision is made for multi-stakeholder ownership: *founder shares* recognise entrepreneurial labour; *labour shares* recognise the labour of workers and employees, and can be extended to suppliers (including small producers) if voted for by members; *user shares* recognise the trading of individual consumers (whether direct or indirectly purchased), and can be extended to corporate consumers at the discretion of members. Given the presence of share *classes*, rights and responsibilities can be regarded – to some degree – as 'corporatist' (see Figure 1). While individualism dominates *within* classes and ordinary resolutions at general meetings, when a special resolution is required members vote *as a class* as well as individuals. Group interests become important when the biggest decisions are made (e.g. constitutional changes, mergers, sales and dissolutions). In short, a FairShares Company / Co-operative cannot be reconstituted, sold, merged or dissolved unless all classes agree.

There are also two ways in which common ownership is advanced. Firstly, there is a 'community dividend' on dissolution if a start-up or development grant has been provided by a public or charitable source. Secondly, private shareholdings can be sold (or transferred) to organisations established for employee, community or charitable benefit (as happens in companies owned by employee-benefit and/or charitable trusts). The model articles make financial provision for this through a mandatory *redemption fund*. This fund acquires a share of surpluses to fund the re-purchase of member shareholdings (in the company version) and settle 'investor accounts' (in the co-operative version). Eventually, these investment activities either reinforce joint and co-ownership system by distributing purchased shares to new (labour and user) members, or reinforce common ownership by transferring ownership to employee, community benefit or charitable trusts.

Pluralism is reinforced in another way by developing an idea (7.4) rooted in the 'value added sharing' arguments of Major (1996, 1998). Major's argument that co-operative structures suffer from 'equity devaluation' is evidenced by the manner in which demutualisation occurred in building societies (see Cook *et al.*, 2002). In mutual ventures, full (market) value is unrepresented in the capital structure. Demutualisations occurred when managers familiar with private sector norms were able to 'see' the value hidden by co-operative accounting systems. In the private sector, the concept of a 'share premium account' captures the difference between the original face value of a share purchase and its projected market value. The value in the share premium account is appropriated by private shareholders through rules that prevent the issue of more shares without their consent, or pre-emption rights that give them a chance to purchase new share issues before they are offered to others.

In the *FairShares Model* pre-emption rights are excluded, and a provision in the constitution ensures that 'capital gains' are distributed to (new) user and labour shareholders. This is achieved through the allocation of investor shares (in companies) and credits to investor accounts (in co-operatives). Half the capital gain each year is allocated to labour and user shareholders (ensuring that financial gains are credited to labour and user shareholders in the form of new capital or credits). This ensures that members who have acquired labour shares (for their work) and user shares (for their trade) *also* acquire investor shares, and that the remainder of the capital gain raises the value of those shares (to the 'fair price'). If there are deficits, however, share values and account balances fall (as they do at Mondragon).

Pluralising Governance and Management

The second approach to communitarian pluralism – one which departs significantly from its antecedents - is a deep commitment to intellectual property (IP) using Creative Commons licencing. Three antecedent models are published using a Creative Commons Licence that permits sharing and adaptation of IP. However, in the *FairShares Model* is it proposed that all IP (by default) is Creative Commons. In Ridley-Duff *et al.* (2013, p. 15) reference is made to a discussion document at Sheffield's School for Democratic Socialism (organised by the local Co-operative Party). The potential of Creative Commons to end worker alienation from their IP and the creation of an 'intellectual commons' is advanced as a response to Business Link advice that:

> *The good news [for business owners] is that rights to IP created by employees generally belong to the employer. Showing that a member of staff has an* ***employment contract*** *is usually enough to prove you*

> *own all IP rights. But it's a good idea to state the position explicitly in separate clauses of employees' contracts. This prevents any confusion arising - perhaps over work created outside office hours or as a by-product of specified work.*
>
> http://www.businesslink.gov.uk/bdotg/action/detail?itemId=1074300742&type=RESOURCES, accessed 8th January 2012.

In private enterprises, the established norm is that the employer owns all IP - even from 'work created outside office hours or as a by-product of specified work'. Employees and customers have no copyright in the IP they create – it is transferred to the 'legal person' who employs or contracts them. The *FairShares Model*, however, introduces itself with the following statement:

> *Imagine an enterprise where the knowledge creation model of Wikipedia is combined with the governance model of the John Lewis Partnership and the values and principles of the Co-operative Group?*
>
> www.fairshares.coop, accessed 11th July 2013.

The knowledge creation system of Wikipedia is based on Creative Commons – a system of six licences that protect the creator of IP by requiring recognition of their contribution. The individual creating IP can define the rights that others have in their creation. This is taken up in Article 53 which states that a FairShares Company / Co-operative will:

> *…ensure that ownership of all IP remains vested in its creator(s). For the avoidance of doubt, the [company] / [co-operative] shall not own IP created by members before, during or after their period of membership unless ownership is freely and voluntarily transferred by those members to the [company] / [co-operation].*

Instead of ownership, a condition of membership is the granting of a licence to use members' IP that includes an exclusive right to commercialise it until the member leaves. After departure, the company / co-operative is granted a non-exclusive licence. Cathcart (2013, p. 5) noted that John Spedan Lewis had a 'radical intent to share knowledge and power' (Lewis, 1948, 1954). In a contemporary context, this can be facilitated through Wikis where content is regulated by Creative Commons licences. The *FairShares Wiki* is organised on this basis: some pages are open to the public; all content is accessible to registered supporters; editing rights are restricted to founder, labour, user and investor shareholders.

In practice, this system may face difficulties where IP is acquired from a third party, or where it is impossible to identify or agree which members created some IP. The model rules do not resolve how IP will be owned where its creators cannot be identified. However, the intent to create an intellectual commons for the benefit of members (and wider public benefit) is unambiguous. Moreover, the numerous web-based Wikis now underpinning communities of practice suggest this is a viable low-cost proposition (Vickery and Wunsch-Vincent, 2007; Boulos and Wheeler, 2007).

The IP management arrangements, and multiple classes of shareholders, represent a 'loose network of independent governing bodies'. This looseness comes not just from the different shareholder classes, but from the arrangements for an intellectual commons (in which copyrights are held by whichever members' have created them). This strengthens the bargaining position of members in relation to managers because it is within their power to change an exclusive right to commercialise IP into a non-exclusive right (by leaving). This power is similar to the consumer power identified by Smith and Teasdale (2012) that could be transferred between mutual providers of welfare services. Under FairShares arrangements, producers (employees) gain power in proportion to their capacity to produce IP, but – on account of the Creative Commons approach – cannot 'privatise' it, only take it elsewhere and develop it further. Logically, this should lead to a more egalitarian culture, with member-to-member relations superseding employer-employee relations as more and more members create IP. Figure 7 summarises findings on the communitarian pluralist principles in the antecedent model rules and shows how they have been adapted in the *FairShares Model*.

Figure 7 – Communitarian Pluralism in the FairShares Model

Proxy Indicator	*Antecedent Models*		*FairShares Model*
Multiple share classes	Stewardship Shares - Class A Shares - Founder Shares	➔	Founder Shares
	Partnership Shares - Class B Shares	➔	User Shares
	Partnership Shares - Class C Shares - Labour Shares	➔	Labour Shares
	Investment Shares – Class A Shares - Investor Shares	➔	Investor Shares
Joint Ownership / Co-ownership	Co-ownership (individual / organisational members)	➔	Provisions for founder, user and labour shareholders to acquire investor shares. Values realised by selling to mutual organisations established for employee, community or public benefit.
Owners / Trustees from two or more stakeholders	At least three classes of shareholder (or stakeholder) provided for at incorporation.	➔	1 class at incorporation (founders), with 2 or 3 other classes established as the business develops (typically over 3 – 5 years).
Governance			
Loose network of independent governing bodies	Preference for unitary boards elected from each class of shareholder	➔	Operationalised through main/sub boards elected by shareholder classes (elections triggered by a member threshold fixed at incorporation).
Direct Democracy / Sociocracy	All stakeholders have a route to membership Limited protection of minority interests	➔	All stakeholders can become members and/or governors; explicit protection of minority interests (special resolutions); explicit provision for mediation to resolve member conflicts.
Multiple beneficiary groups	Stewards / Partners / Investors (Case 7.1) Class A, B and C (Case 7.3) Founders, Labour and Investors (Case 7.4)	➔	User, Labour and Investor Shareholders; “community dividend” upon merger, acquisition or dissolution based on the level of public/charitable grants.
Management			
Reconciliation / negotiation of political interests	Case 7.1 - Electoral college voting in general meetings Case 7.3 – Employees hold the balance of power Case 7.4 – Classes of shareholder have same rights in GM	➔	One member, one vote for ordinary and special resolutions; electoral college system when a poll is called; one member, one-vote (then one class, one-vote) for special resolutions.
Matrix management / dual reporting systems	Case 7.1 – No specific provisions Case 7.3 – Entrepreneur(s) as main decision-maker(s) Case 7.4 – Dual reporting (executive and shareholders)	➔	Flexible reporting system (accountability to executives, shareholder classes, and creators of IP).
Member relations / culture of associative entrepreneurship/democracy	Case 7.1 - Member-ownership culture with strong board Case 7.2 – User / producer member-ownership culture Case 7.3 – Entrepreneurial culture moderated / constrained by member-ownership Case 7.4 – Member-owner culture with clearly defined executive responsibilities	➔	Member-ownership culture, with private and/or social investors approved by member resolution; provisions for delegation of executive powers to a CEO or executive group defined by the constitution; explicit provision for sharing IP through Creative Common licensing by members.

Implications for Theory and Practice

Arthur el al. (2003) suggests that mutual principles encourage all primary stakeholders (producers, employees, consumers and users) to participate in the ownership, governance and management of the enterprises on which they depend. These commitments – evident in the *FairShares Model* - are consistent with the advancement of 'associative entrepreneurship' (Scott-Cato *et al.*, 2008) and 'associative democracy' that combine internal (democratic) and external (market-based) challenges to governing bodies (Hirst, 1994; Smith and Teasdale, 2012). *FairShares* is primarily a contribution to a communitarian pluralist discourse on the constitution of social enterprises, but still retains element of 'corporatist' thinking and a mixed approach to developing common, joint and co-ownership.

Ridley-Duff and Southcombe (2012) coined the phrase 'socialised enterprise' to describe the application of these principles, particularly the integration of primary stakeholders into systems for ownership, governance and management (see Appendix B). In subsequent work (cited on the FairShares Wiki), further clarifications were published suggesting how 'socialised' enterprises differ from 'privatised' and 'nationalised' enterprises (Ridley-Duff, 2012, Figure 4). 'Privatised' enterprises pursue strategies that secure monopoly (or, failing that, oligopoly) control over markets so that the wealth and power generated by producers and consumers can be appropriated by providers of financial capital. 'Nationalised' enterprises use the agency of the state to secure access to market goods, and do so for either public benefit or to secure government interests.

The *FairShares Model* promotes neither of these models – it promotes 'socialised enterprises' that regulate the allocation of wealth, power and knowledge to primary stakeholders while limiting the power and wealth of financial investors. The *FairShares Model* limits the state's ability to appropriate power from founders, labour, users or investors without their consent. Even if they secure a stake, the voting system makes it impossible to use it against the interests of primary stakeholders. Similarly, absentee-investors - even if they gain access to capital - have to share at least half their capital gains with (new) labour and user shareholders.

In Phase 2 of this research, the take up these ideas in practice will be assessed. In anticipating the next phase, it is – perhaps - significant that the *FairShares Model* has emerged *from* practice. It comes from existing model rules for companies and co-operative societies that have been advanced by consultant-practitioners and academic sympathisers. In all cases, the model rules reflect aggregations of experience after *decades* of involvement in social economy development (not just the recent period of governmental support). In Phase 2, surveys and interviews with founders and supporters will inform a fuller assessment of its potential.

This paper is limited to tracing its historical antecedents, and identifying core propositions on the allocation of wealth, power and knowledge. In looking forward, any number of pathways are possible. One - culled from the strapline of the FairShares Association – stands out. It calls for a transition 'from Fairtrade to FairShares', perhaps reflecting a connection to fair trade through one set of antecedent model rules (7.2) and its authors' stated involvement in the fair trade movement. Just as fair trade has challenged how the benefits from *market transactions* should be divided between producers, consumers and business owners, so the *FairShares Model* offers a way to challenge how *share transactions* affect the division of benefits. Given the renewed attention to addressing supply chain issues in the fair trade movement by finding new ways to enfranchise producers and consumers (Davies *et al.,* 2009; Doherty *et al.*, 2013), the *FairShares Model* could become a natural ally in the next phase of fair trade development.

About the Authors

Rory Ridley-Duff and Mike Bull are currently working on the second edition of their book *Understanding Social Enterprise: Theory and Practice,* from Sage Publications (due 2015).

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Mike Bull is Research Fellow at Manchester Metropolitan University and unit leader of a final year module on social enterprise at Manchester Metropolitan University Business School. With Rory, he won an academic award from Emerald in 2011. He is an editorial board member of Social Enterprise Journal and has previously been a Director of Social Enterprise North West (SENW) and is currently Independent Advisor to the Board of Together Works, The Social Enterprise Network for Greater Manchester. Through ESRC research programmes, and a series of journal publications, Mike has developed a rich understanding of strategic management, governance and performance in social enterprises.

Appendix A - Five Antecedents of the FairShares Model

Model Rules	Brief Description
Case 7.1 Stakeholder Model Ltd	The rules were designed by Geof Cox Associates, a specialist in the development and support of Social Firms, and were published by the Common Cause Foundation. Underpinned by a Company Limited by Shares, the model rules define the power of an active board, elected by each shareholder group. Three share types are defined: • Stewardship Shares (for trustees / directors appointed for social purposes) • Partnership Shares (for employees and customers) • Investment Shares (for external supporters / social investors)
Case 7.2 Cooperative CIC Model	Designed and published by Cooperatives UK in response to the introduction of Community Interest Company legislation in 2005. Underpinned by a Company Limited by Guarantee or Shares, the model rules are framed to encourage active user and worker membership on the basis of one-person, one-vote, with a commitment to consult: • Employees • Funders • Suppliers • Customers • Community representatives
Case 7.3 NewCo Model of Social Enterprise	Designed by Morgan Killick and Bill Barker in 2002, with support from the Sheffield Community Economic Development Unit. Underpinned by a Company Limited by Shares, a 2004 version gave control and decision-making power to three classes of shareholder, and investment rights to a fourth: • Class A Shares (for social entrepreneurs) • Class B Shares (for social economy customers / clients) • Class C Shares (for employees) • Social Equity Shares (for philanthropic supporters / social investors)
Case 7.4 Surplus Sharing Model for Social Enterprise (CLS)	With a heritage stretching back to the work of Guy Major and Gavin Body in the mid-1990s, the surplus sharing rules developed by Ridley-Duff at Sheffield Business School embrace co-operative principles across the labour/capital divide. The rules provide for active membership control on the basis of one-person, one vote, with special provisions for issuing: • Founder Shares (for social entrepreneurs / social investors) • Labour Shares (for employees, workers and suppliers) • Investor Shares (for employees, workers and others chosen by members').
Somerset Rules IPS Multi-Stakeholder Co-operative	With a heritage in co-operative, rather than company law, Somerset Model Rules have been adopted for the purchase of community shops, pubs and agriculture projects. At incorporation, members define and label classes of shareholder and establish membership criteria. As Somerset Co-operative Services explain: "They enable a co-operative enterprise to be 'shared' by more than one group of stakeholders. For example, a community supported agriculture scheme could be 50% controlled by producers, and 50% by consumers. Or a business could be 60% controlled by its workers, and 40% by the local community" Source: http://www.somerset.coop/somersetrules

Cases 1 – 4 based on cases 7.1 – 7.4 in Ridley-Duff and Bull, 2011

Appendix B - Socialisation and Social Purposes in Social Enterprise Theory

Characteristic	Source	Socialisation	Social Purpose
SEP = Social Enterprise Partnership, SAT = Social Audit Toolkit, ICA = International Co-operative Alliance, EMES = EMES Research Network, SEM = Social Enterprise Mark			
• Enterprise launched by a group of citizens	ICA, EMES	X	
• Open, voluntary membership	SEP, ICA	X	
• Worker and/or community ownership	SEP, SAT, ICA, EMES	X	
• Democratic governance/structure	SEP, SAT, ICA, EMES	X	
• Being open and accountable	SEP	X	
• Co-operative management	SEP, SAT, ICA	X	
• A participatory nature, which involves the persons affected by the activity	SEP, EMES, ICA	X	
• Decision-making power not based on capital ownership	ICA, EMES	X	
• The hiring of capital by labour	SAT, ICA	X	
• Surplus belongs to members	ICA	X	
• A high degree of autonomy	ICA, EMES, SEM	X	
• Cooperation with other co-operatives/social enterprises	SEP, ICA	X	
• A significant level of economic risk (by members/founders)	ICA, EMES	X	X
• Concerned with empowering members	ICA, SEP, SAT, EMES	X	X
• Using and developing volunteers	SEP	X	X
• Education of members and public in values and principles	ICA	X	X
• Developing common and shared values	SEP, SAT, ICA	X	X
• Bound to a set of beneficiaries or community	SEP, EMES	X	X
• Producing goods and/or selling services	EMES, SEM		X
• Clear social, environmental and financial benefits	SAT, EMES, SEM		X
• Creating (mostly) social wealth / limited private profit distribution	SEP, ICA, EMES, SEM		X
• 50% or more of trading surpluses (profit) invested in social/environmental purposes	SEM		X
• Minimum amount of paid work	EMES		X
• Dissolution clause that ensures that all residual assets are used for 'social/environmental purposes'.	SEM		X
• Can demonstrate that social and environmental objects are being achieved	SAT, SEM		X

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Notes

[1] A Google search for the term "John Lewis Economy" (exact match) yielded 66,600 hits, while the terms "John Lewis State" (exact match) yielded 730,000 hits (on 1st July 2013).

[2] The arrangements of the Co-operative Group are summarised at www.co-operative.coop. To find the information, navigate to Home -> Sustainability -> Delivering Value -> Modern Co-operation -> Democratic Structure.

[3] Based on field notes collected by Ridley-Duff during a field visit on 5th/6th March 2003.

[4] After the Yugoslav wars, Yugoslavia divided in the following states: Croatia, Slovenia, Macedonia, Bosnia and Hertzegovina and the Federal Republic of Yugoslavia (Serbia). In 2006, Montenegro separated from Serbia.

[5] Ridley-Duff was a co-founder in each case. First Contact Software Ltd was co-founded by 5 other people, New Horizons Music Ltd with 3 others, and Social Exchange Ltd with 2 others.