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SOCIAL AND SOLIDARITY
ECONOMY CONSORTIUM

Enhancing studies and practice of the social and solidarity economy

A reference handbook

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Chapter 7: Social Responsibility and Transformation



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TABLE OF CONTENTS

1. Introduction

2. Literature review

2.1 General literature review

2.2 Latin American perspectives

2.3 African perspectives

3. Dialogical section

4. Practical cases

4.1 Cooperative and Association of the Northern
Altiplano, Cape Verde (Santo Antão)

4.2 Jesús Mesa Sánchez Savings Bank Cooperative, Mexico

4.3 Divine chocolate, UK

5. Pedagogical activities

6. Professional competences

1. INTRODUCTION

In this chapter the concepts of social responsibility and social transformation will be introduced. The chapter will begin by introducing the concepts of social responsibility and social transformation in general terms, looking back to corporate social responsibility as the beginning of debate and reflection on this topic and noting the recent emergence of debate about social responsibility in organisations in the social and solidarity economy. Until recently, it seems, social responsibility was considered intrinsic to these organisations and inherent to their mission: it was enough for organisations in the social and solidarity economy to exist for them to be immediately socially responsible.

The concept of social transformation is key to how organisations in the social and solidarity economy work, and this is, or should be, their central objective. The ideological belief which affirms that economic growth is enough to grant humans their full dignity must be challenged. It is also essential to develop thought and action which allow us to navigate in an increasingly globalized world, working to build a more inclusive and fairer society.

We offer some contributions (not exhaustive) to what social responsibility could be in some types of organisations in the social and solidarity economy, particularly in cooperatives, universities, non-governmental organisations (NGOs) and social enterprises.

Organisations in the social and solidarity economy have a responsibility to financiers, donors, beneficiaries and society in general to demonstrate that they

can be held accountable, not only from a financial point of view, but also, and especially, with regards to the impact that they aim to produce through their activities, projects and programmes. This responsibility can only be assessed if valid methods are found to evaluate and measure social impact. In this chapter we will briefly introduce some tools for measuring impact, like the Local Multiplier 3 or Social Return on Investment (SROI), for example.

Finally, we aim to contribute to the recent debate about the specific details of what counts as social responsibility and social transformation in European, African and South American contexts.

KEY QUESTIONS

- What do we understand by social responsibility? And by social transformation?
- What do we understand by accountability? And how does this concept help us define social responsibility for organisations in the social and solidarity economy?
- Why is it important to measure social responsibility and the social impact produced by organisations in the social and solidarity economy? What methodologies and tools exist for this measurement?
- What specific details can be found in relation to social responsibility and social transformation in African and South American contexts?

Glossary

Accountability: The responsibility of organisations for their decisions and activities, such as the good use of financial and human resources, in relation to stakeholders.

Advocacy: the capacity of an organisation to influence the decisions or policies of third parties, especially in public policy.

Supply chain: the lifecycle of the activities of an organisation (from acquiring raw materials, their manufacture or transformation, marketing, commercialisation, post-sales service

Ethical behaviour: behaviour in accordance with the principles of good conduct. A complex process that determines the impact on third-party (individual or group, as well as the environment) of the individual or collective actions carried out.

Sustainable development: Development that includes three equally important factors: environmental preservation, the comprehensive development of people and of their communities, and economic growth. It is development that meets the needs of the present without compromising the ability of future generations. These environmental, social and economic objectives are interdependent.

Empowerment: the ability to decide freely for oneself and free from any oppression, formal or informal, other

individuals or institutions. The ability to intervene in the political options of a community.

Governance: System of decision-making of an organisation; and the implementation and monitoring of those decisions.

Social impact: Positive or negative change that is generated in the society, the economy or the environment, partially or totally resulting from actions or activities carried out by an organisation.

Measurement of social impact: concepts, processes and tools that try to determine what influence, positive or negative, an action or activity may have in a particular community.

Stakeholders: Individuals or organisations linked and/or affected (positively or negatively) by certain actions or activities.

Social responsibility: Responsibility of an organisation for the impact of their activities and the improvement of the human, environmental and economic conditions of the community where it operates, and in the world in general.

Social transformation: Formulation of positive processes for social and political action, in order to help communities to improve their livelihoods and cope with the consequences of global transformations.

2. LITERATURE REVIEW

2.1 GENERAL LITERATURE REVIEW

Social responsibility

There are many terms for social responsibility, distinguished especially by their expected reach and the geographic origin of the word. The most important terms, that is, the most used, are: Organisational social responsibility – the widest form that encompasses all types of organisations; corporate – the Anglo-Saxon term used for private sector social responsibility and which, in some geographic areas, can also be used to refer to the social responsibility of a business group or holding; and empresarial (business), used specifically to refer to the social responsibility of businesses and used above all in Spanish and Portuguese speaking countries.

Although it is essentially focused on private enterprises, the European Union's green paper (2010) considers social responsibility as "the capacity to integrate, voluntarily, social and environmental concerns into business activities and their interactions with their interest groups".

The European Union embeds social responsibility in the United Nation's principle of Triple Balance (also known as People, Planet and Profit), which is based on the three pillars of sustainability: Community/"People", Environment/"Planet and Economy/"Profit".

This model also follows closely the concept of sustainable development, as theorised in the 1970s. In opposition to the paradigm of continued growth above



all, it considers development to be produced when economic growth, environmental sustainability and

the inclusion and dignity of people and communities converge.



Figure 7.1 – Triple Balance, Kellogg School of Management (n.d.)

The European Community of Consumer Co-operatives (EUROCOOP) set out two dimensions of social respon-

sibility in their 2008 report, an internal and an external, as can be seen in Table 7.1:

TABLE 7.1 DIMENSIONS OF SOCIAL RESPONSIBILITY	
Internal dimensions	External dimensions
Managing human resources (lifelong learning; empowering collaborators; a better school/work transition).	Participation and impact in communities (interaction with the local workforce and the local natural environment).
Health and safety at work.	Fair and lasting relations with consumers, suppliers and associates.
Managing negative external effects, particularly environmental impacts (eco-efficiency).	Respect for human rights and for the codes of conduct related to fair working conditions and environmental conservation. Commitment to fighting corruption.

Social transformation

The concept of social transformation has emerged in relation to viewpoints questioning the concept of development and ideas which presented economic growth as the key to everything, since its distribution would automatically give rise to a better standard of living for all. Social transformations are, therefore, an analytical tool which allows for “a wider field of study, which can and should lead to creating positive recipes for political and social action, oriented towards helping communities improve their methods of subsistence and face the consequences of global transformations” (Castles, 2002, 125).

The social and solidarity economy is intrinsically linked to social transformation and to community development. It introduces new social intervention practices, offers new ways of fighting poverty in the most excluded populations, and promotes the mobilisation of local and external resources necessary for such development. In this way, it promotes a break with the old model of salaried and profit-driven society, which is characterised by various exclusions, in terms of both production and consumption (Marques, 2010).



Accountability

Organisations in the social and solidarity economy must be responsible for obtaining results with a social impact together with absolute financial transparency. For that reason, accountability is fundamental in order to determine the axes of social responsibility in these organisations.

For Edwards and Hulme (1996), cited by Pinto (2012), social responsibility is “the method by which individuals or organisations report to a recognised authority and are made responsible for their actions” (p.34). Accountability, today, “is no longer seen as a mere reaction to impositions by external agents, but also as a proactive, internal behaviour within organisations, which can secure the consolidation of public confidence” (O’Dweyer and Unerman 2010; Ebrahim, 2003, cited by Pinto, 2012, p.35).

We maintain that, in defining social responsibility for an organisation in the social and solidarity economy, the most important transversal axes are: i) governance and, fundamentally, the level of democracy in the decision making process and the effective participation of members; ii) the efficacy of the intervention – whether the social transformation can be achieved with the given budget. An organisation will be accountable to the principal parties involved for whether it meets its promised output (Brown and Honan, 2001, cited by Pinto 2012; iii) without neglecting accountability, or “financial integrity”, we consider it essential to widen social responsibility to the question of labour relations and the conditions offered to collaborators.

Social responsibility and social transformation in types of organisations in the social and solidarity economy

TABLE 7.2 COMPARISON OF COOPERATIVE PRINCIPLES AND CORPORATE SOCIAL RESPONSIBILITY	
Cooperative principles	Corporate Social Responsibility (CSR)
Open and voluntary membership	Voluntary nature of CSR
Democratic and participative management	Transparency and credibility in CSR activities
Economic participation of members	
Autonomy and independence	
Education, training and information	Transparency and credibility in CSR activities; Balanced focus of CSR on the economic, social and environmental spheres, as well as on consumer interests.
Cooperation between cooperatives	
Interest in the community	Locating communal action in activities to which community involvement brings added value; Balanced focus of CSR on the economic, social and environmental spheres, as well as on consumer interests; Attention to the specific needs of SMEs; Respecting existing international agreements and resources.

Source: Server and Capó (2009) in Arnaez et al (2011)

In the social and solidarity economy the centrality of profit is substituted for the centrality of the social mission, and in this way social responsibility and transformation are part of the essence of these

organisations, given that the mission is to benefit the community and its members (Ferreira, 2009).



Social responsibility the cooperative movement

Social responsibility is at the heart of cooperatives (Belhouari, Buendía Martínez, Lapointe, Trembaly, 2005), as it is for the rest of the organisations which belong to the social and solidarity economy. In fact, as Vargas and Vaca (2005) affirm, the cooperative culture, by its very nature, is strongly aligned with the values and principles which corporate social responsibility requires: the three dimensions that social responsibility takes into account (the economic, the social and the environmental) are pillars which are integrated into the cooperative vision of an organisation. The cooperative is defined as a social enterprise organisation which continually seeks a balance between meeting its economic objectives and its social (including environmental) ones.

The correspondence between the values and principles of cooperatives and the standards set by social responsibility is very high. Authors like Server and Capó (2005) have carried out studies which capture this relationship, as can be seen in Table 7.2.

From interpreting this table, we see that both approaches are based on the transparency of information, participation and being voluntary. In addition, they both seek a balance between economic and social objectives and show an interest in community development.

Social responsibility in social business

Social business has social responsibility within its core strategy and reason for existence. The Mohammad Yunus social business model serves as an example. Yunus (2007) argues that capitalism takes a narrow view of human nature and assumes that “people are one-dimensional beings concerned only with the pursuit of maximum profit”. He argues that the underlying assumption of capitalism is that the best way of contributing towards society is if “you concentrate on getting the most for yourself” (p.18). Yunus introduces the concept of social business, as opposed to profit-maximizing businesses, in order to “complete” capitalism (p.21). Social business under Yunus’s model is one that while using business methods is “totally dedicated to solving social and environmental problems” (p.21).

Examples of companies using these approaches within the Yunus model of social business are: (i) UK

company Traidcraft plc. Owned by 5000 shareholders who are “not seeking to maximise their profits but are using their capital for the social benefits that can be achieved through fair trade” (Traidcraft, n.d.) (ii) Grameen Bank in Bangladesh gives micro-credits at reasonable interest rates to those living in poverty, thus enabling them to start or expand very small businesses. The shares in the bank are owned by the borrowers themselves (Yunus, p.2007, p.30); (iii) Divine Chocolate is part-owned by its cocoa farmers¹. (See case study in this chapter).

Social responsibility in non-profit organisations

In the non-profit subsector, social responsibility can be analysed in an internal dimension, especially in relation to workers, and an external dimension, above all in terms of dealing with stakeholders (Parente 2011).

If we take the example of Higher Education Institutions (HEIs), we can argue that they are organisations which “always carried out, or tried to carry out, social responsibility before the community and before knowledge and learning. ... Independent of types, models and forms of action, HEIs are by nature socially responsible organisations, by dedicating themselves openly to the quest for knowledge” (Resende da Silva, 2011, p.384).

The three pillars of a socially responsible HEI are, according to Resende da Silva (2011), the quality of teaching, the quality of research and the quality of internal management, which must always be at the service of people, change and social transformation. Sánchez Hernández seconds this, seeing the integration of the university into society as an instrument for change (2008).

Another important area of analysis, in respect to the social responsibility of the non-profit subsector, is the quality of labour relations (Parente, 2011).

Internal responsibility, and especially where workers are concerned, is a dimension which can be observed, for example, in employment and payment policies, professional promotion, health and safety systems, personal development and training, equal opportunities and balancing family life with work.

The extent to which organisations in the social and solidarity economy are committed to social responsibility can also be analysed through how

¹ www.divinechocolate.com.uk



democratic their decision-making processes are and how equitable their pay is. Other aspects can be added: the duration of contracts and workers' satisfaction

levels, especially considering that this satisfaction can result from doing a job with values and not just from receiving adequate pay (Parente, 2011).

Measuring the impact of organisations in the social and solidarity economy

If one of the central themes of these organisations is being responsible (and being held accountable) for their performance, then it is essential to use tools to measure this performance, above all with respect to the social transformation objectives that the organisations suggest and try to reach (Aeron-Thomas, Foster and Westall, 2004).

With this objective, efforts have been made to create and implement measurement tools which make it possible to verify (in monetary terms) the economic, social and

environmental results of these organisations (Manetti, 2014). Blended Value Accounting, a framework for financial analysis, suggests that all organisations simultaneously create economic and social value (Emerson, 2003). This approach highlights the involvement of interest groups or stakeholders in the organisations to make them effective, legitimate and credible, and to improve strategic and organisational control, creating positive externalities at the level of efficiency and efficacy (Manetti, 2014). The rise of this approach was due to the need for information on the

TABLE 7.3 UN GLOBAL COMPACT - PRINCIPLES OF SOCIAL RESPONSIBILITY IN BUSINESS

Human Rights

Businesses should:

- **Principle 1:** support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** make sure that they are not complicit in human rights abuses.

Labour standards

Businesses should uphold:

- **Principle 3:** the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labour;
- **Principle 5:** the effective abolition of child labour; and
- **Principle 6:** the elimination of discrimination in employment and occupation.

Environment

Businesses should:

- **Principle 7:** support a precautionary approach to environmental challenges;
- **Principle 8:** undertake initiatives to promote environmental responsibility; and
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- **Principle 10:** businesses should work against corruption in all its forms, including extortion and bribery.

(United Nations Global Compact, 2015)

Global Reporting Initiative – GRI

- **Materiality:** The information contained in the report should cover those aspects and markers which reflect the organisation's significant social, environmental and economic impacts or those which could have a substantial influence on the assessments and decisions of stakeholders.
- **Stakeholder inclusiveness:** The organization should identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.
- **Sustainability context:** The underlying question of sustainability reporting is how an organization contributes, or aims to contribute in the future, to the improvement or deterioration of economic, environmental and social conditions, developments and trends at the local, regional or global level. Reporting only on trends in individual performance (or the efficiency of the organisation) fails to answer this question.
- **Completeness:** The report should include coverage of material aspects and their boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization's performance in the reporting period.

(Global Reporting Initiative, 2015).

SA 8000

SA 8000 is an auditable certification standard focused on working conditions. It is based on the Conventions of the International Labour Organisation and United Nations agreements. It is concerned with child labour, forced and compulsory labour, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary practices, working hours, remuneration and management systems. The verification of SA 8000 is in accordance with the International Organization for Standardization (ISO) and the International Forest Stewardship Council (FSC).

(Social Accountability International, 2008)

part of financiers, donors, investors and politicians in order to make decisions about investments and/or to justify the decision to fund certain social policies or organisations to the detriment of others (Aeron-Thomas et al. 2004).

For organisations in the social and solidarity economy, it is important to demonstrate the social and environmental benefits that they create to be able to

justify investment in activities and/or projects which might not bring financial returns and to be able to justify their management decisions.

Some models presenting different aspects of socially responsible organisations which should be measured can be seen in Table 7.3:

Table 7.4 shows a summary of tools for measuring impact:

TABLE 7.4 TOOLS FOR MEASURING SOCIAL IMPACT	
Cost-Effectiveness Analysis	Combines measurement of impacts with costs so that projects or alternative policies from the same area can be compared in terms of the effectiveness of their results.
Cost-Benefit Analysis	Attributes a monetary value to benefits and costs associated with a given initiative to allow comparison of the cost-benefit relationship or the level of return on investments to facilitate investment decisions.
Social Return on Investment (SROI)	Allows organisations to attribute an economic value to the social and environmental impact of their activities.
The Robin Hood Foundation's Cost-Benefit Analysis	Created exclusively for the analysis of projects dedicated to fighting poverty, this indicator translates the results and outputs of projects into monetary value.
Acumen Fund's BACO ratio	Quantifies the estimated social output of an investment and compares it to other investment possibilities which aim to solve the same social problem.
The Hewlett Foundation's Expected Return	Aims to respond to issues related to a given investment portfolio: what is the objective, what is the expected change, is it a good bet, what difference does it aim to make, what is the price?
The New Economics Foundation's Local Multiplier 3	Evaluates the economic impact that an organisation has on the local economy of its area.
Logical Framework Approach	Project design tool for identifying problems, targets, objectives, activities and markers relevant to the project, as well as for guaranteeing its sustainability and viability.
Foundation Investment Bubble Chart	Graphic which illustrates markers/metrics which allow comparison between different organisations' activities.
The Center for High Impact Philanthropy's Cost for Impact	Provides information and tools which allow donors, financiers and investors to understand which is the best option for their funding.

Table 7.4 based on Manetti (2014); Emerson (2003); Hustedde, Pulvar & Shaffer (1993); and Miller & Hall (2013).

This section of the chapter introduces two of the tools which allow organisations in the social and solidarity economy to evaluate their impact: the Local Multiplier 3, recognised its ease of use and objectivity, and Social Return on Investment, as the tool used in various parts of the world.

The Local Multiplier 3: evaluation of the economic impact of an organisation at the local level

The biggest impact of organisations in the social and solidarity economy takes places in the communities in which they operate. For example, they may solve a given social problem with the aim of reducing social exclusion. The local economic impact that they generate is also important: given that these organisations are economic agents, they create new



jobs and they consume goods and services. For that reason, it is important to evaluate the economic impact of these organisations, in order to show financiers, donors, investors and politicians the impact that their investments or donations could generate; as a way of making organisations responsible for the management of their funds; or as a path to collecting funds and to demonstrating good practice in management.

According to Hustedde et al. (1993), one of the instruments which allows organisations in the social and solidarity economy to evaluate their impact is the Local Multiplier 3 (LM3), whose methodology is based on the Keynesian multiplier. The LM3 considers only the first three rounds of expenditure used in consumption in the local economy of an income flow which originates outside this local economy. The LM3 measures the increase in benefits to the local economy resulting from the introduction of income of a monetary unit in this same economy. To give an example, an LM3 with a value of 2.04 means that for every euro which enters the local economy, the local income will increase by 2.04 euros, that is, the initial euro plus 1.04 additional euros generated by the reuse of that euro in consumption in the local economic circuit. This value has an upper limit of 3 (indicating that the total capital is used in the local area) and a minimum limit of 1 (which assumes maximum capital flight).

The LM3 calculation begins with an initial external capital from outside the local economy (state funding or donations from non-local agents to a local organisation, for example), which is directed towards an organisation (first round – R1). The organisation which receives this income spends this capital on goods and services (second round – R2) and these expenses, which are analysed according to their local application, are put through the same analysis (third round – R3). In the first round, the initial income is determined, in the second round, the amount spent by the organisation on local goods and services (such as human resources, supplying goods and services, interest and similar expenses, among others); and, finally, the third round determines the local expenditure of those entities with which the organisation establishes contractual links (everyday expenses, like food, paying loans, insurance, entertainment, services, among others). The final calculation of the LM3 results from the following equation:

$$ML3 = \frac{R1 + R2 + R3}{R1}$$

in which R1 designates the initial income into the local economy; R2 consists of the expenditure of that entity which takes place within that geographic area; and finally R3, taking as a basis that the expenditure takes place locally, studies the expenditure of the organisations which establish links with the organisation in question (usually human resources, supplies and external services), checking what expenditure is local and not local.

This tool adapts the simple Keynesian model, in which local output results from the sum of expenditure on consumption, exports and public spending, minus imports. It is based on export-based theory in which change in total local yield results from the sum of change in total yield of the basic sector (which includes the total yield from exports, investment and state funding in the local area). According to Sacks (2002), this tool was applied in the UK in ten communities in five different sectors, which allowed for better understanding of the economic impact of each of these sectors in these communities and the role played by this impact on the ability of each community to retain the profits made by their exports within the local economy.

Sacks (2002), and Lewis and Ward (2002) explain that the LM3 does not seek protectionism, but to strengthen the local links which maximise the use of capital in the local area, independent of its origin. It aims for local prosperity, in order to establish commercial links for goods and services which are not produced in other places, allowing for new market opportunities to be discovered. This author concludes that this mechanism, through the analysis of monetary flows, has a high practical potential and provides information to aid decision-making local development project.

Social Return on Investment (SROI)

Brought about by the Robert Enterprise Development Fund in the United States and tested by the New Economics Foundation, SROI assigns a monetary value to the social and environmental impact of an organisation and/or a project in order to illustrate the creation of value by these organisations, value which is not focused solely on financial value (Rotheroc and Richard, 2007, cited by Miller and Hall, 2013).



SROI was developed in order to understand, manage and report the social, economic and environmental value created by an organisation (New Economics Foundation, 2007). It is based on the principles of accounting (with the specific aim of monetising results obtained) and of cost-benefit analysis (as it assigns a monetary value to social and economic returns) (Miller and Hall, 2013).

According to Manetti (2014), the principal objective of SROI is measuring the social and economic value created by an organisation in the local community where it operates, so that a rational quantification of its impact can be obtained. The premise of SROI is that value is created in three dimensions: the economic, the social and the environmental (Scholten et al. 2006, cited by Manetti, 2014), obtaining as a final result a marker which represents the return, in socioeconomic terms, of the whole monetary unit invested into a project or an organisation.

SROI includes qualitative and quantitative information which allows the organisation to maximise its results. It is calculated in the following way:

$$\text{SROI} = \frac{\text{VAL of benefits}}{\text{VAL of costs}} = 3.1^2$$

An SROI with the value 3:1 indicates that for every euro invested in the organisation or project, a value of three euros is returned to the society; that is, for every euro incurred as expenditure, the organisation created three euro of benefits in the pursuit of its mission and strategy.

Although it indicates the impact made, this resource should not be analysed as a mathematical tool and should be accompanied by a structure which allows for analysis of the impact created as a whole and for communicating the organisational reality in an integrated way (Emerson, 2003).

But how is SROI calculated? The Office of the Third Sector (2009), a department of the British government, and Aeron-Thomas et al. (2004) set out the phases of the process (Table 7.5):

2 VAL - Valor Actualizado Líquido

TABLE 7.5 PHASES OF CALCULATING SOCIAL RETURN ON INVESTMENT

1	Define what is going to be evaluated (the organisation as a whole or just one project) and identify the key interest groups and how they are going to be involved.
2	Create a logical model which shows the relationship between inputs , outputs and results (create an impact map; identify inputs ; assign a value to the inputs; clarify and describe outputs).
3	Demonstrate results and assign a value to them (this implies finding the necessary information to prove that the results were produced and assigning a monetary value to them; developing output markers; compiling information relative to the outputs ; establishing the duration of the outputs ; assigning a value to each output).
4	Establish the impact: remove from the analysis impacts produced independently of the work of the organisation or which are the result of other activities.
5	Calculate the SROI.
6	Share the results with interest groups and stakeholders.

For the Office of the Third Sector (2009) the advantages of evaluating impact using SROI are based on:

- understanding the social, economic and environmental value created by the organisation;
- the possibility of maximising the positive change created and identifying and managing the negative outcomes which could result from the organisation's activity;
- including the continual monitoring of social impact, being at the same time a forecast and an evaluation;
- signposting the organisation to possible backers and donor organisations.

Applying purely quantitative evaluation methods to impact can be beneficial for organisations in terms of knowledge and recognition, growth, improved internal controls, organisational learning, relations between



different interest groups and/or stakeholders and identifying problems with activities and processes.

Despite these advantages, some studies point to many disadvantages of using this tool, the most commonly

mentioned of which is the implementation costs, whether financial (training staff), in time (compiling data), or in human resources; and that it is complicated to apply (Emerson, 2003; Office of the Third Sector, 2009; Manetti, 2014 and Lingane and Olson, 2004).

2.2 LATIN AMERICAN PERSPECTIVES

Given the impact of globalisation on the economy, the microelectronics and telecommunications revolution and increasing ecological awareness, the link between business and society has acquired a new dimension and importance in Latin America, translated into what is known as social responsibility.

In Latin America social responsibility is related to issues of climate change, sustainable development and social inclusion, as opposed to in Europe where it is more concerned with financial management, or the United States, where the emphasis remains on philanthropy.

Font (2010, p.63), citing Canessa and García (2005), affirms that “The first manifestations of the social responsibility movement in [Latin] America appeared in the 1960s, with the emergence of the Christian Association of Business Executives (Associação de Dirigentes Cristãos de Empresa, ADCE) in Brazil in 1965, an institution concerned with spreading the idea of social responsibility across the region, but it is not until the 1980s that it achieves prominence”. In the 1990s, a group of institutions in different countries appeared like the Corporate Social Responsibility Program (Programa de Responsabilidad Social Empresarial) in Mexico in 1997, Perú 2021 in 1996, Instituto Ethos in Brazil in 1998, Action CSR (Acción RSE) in 2000, FUNDEMÁS in El Salvador in 2000; as well as international networks like Business Forum (Forum Empresa), created in 1997 by business owners, civic leaders, NGOs, universities and public institutions, with its headquarters in Santiago de Chile.

Even though social responsibility has been and still is focused on businesses, it is the work of everybody; it is everybody's responsibility to build a responsible society for themselves. It falls to public and private social actors, both for-profit and non-profit, because their acts generate impact which affects others. It is an intra and intergenerational issue, where each individual is responsible for the world which we are all contributing

to building. Consequently, it is no longer only a question of business social responsibility or corporate social responsibility, but the social responsibility of organisations.

This implies moving towards a global ethical dimension of co-responsibility, where the subject is not a person or society, but humanity. It is about new mental models, new levels of consciousness which emerge from a profound transformation of the human being, of society and of humanity, where each person is aware that his or her life and survival depends on that of others.

Towards measuring the impact of social responsibility in Latin America

The markers of social responsibility are oriented towards measuring the impacts of a business's activities on society and the environment; as well as redirecting those activities which have a negative impact.

It is necessary to clarify that – at least in Latin America – specific markers to measure the social impacts of social businesses do not exist. However, as social businesses are still businesses: the markers defined by different organisms can be adapted for them.

In Latin America one of the biggest efforts has been made by Instituto Ethos, through the Latin American Social Responsibility Programme (Programa Latinoamericano de Responsabilidad Social – PLARSE), which aims to use one system of markers for all Latin American countries. Various organisations participate in the Programme, from Paraguay, Ecuador, Bolivia, Argentina, Brazil, Peru and Nicaragua.

The Programme proposes the following system of markers, which has been adapted and applied in the countries of the participating organisations. There are 40 markers divided between the following areas of measurement:



TABLE 7.6 LATIN AMERICAN SOCIAL RESPONSIBILITY PROGRAMME**1. VALUES, TRANSPARENCY AND CORPORATE GOVERNANCE**

1.1 Self-regulation of conduct

Indicator 1: Ethical commitment

Indicator 2: Rooted in the organisational culture

Indicator 3: Corporate governance

1.2 Transparent relationship with society

Indicator 4: Relationship with the competition

Indicator 5: Dialogue and involvement of stakeholders

Indicator 6: Social and sustainability reporting

2. EMPLOYEES

2.1 Dialogue and participation

Indicator 7: Relationship with trades unions or other employee associations

Indicator 8: Participatory management

2.2 Respect for the individual

Indicator 9 – Commitment to the future of children

Indicator 10 – Commitment to child development

Indicator 11 – Appreciation of diversity

Indicator 12 – Commitment to non-discrimination and promotion of racial equality

Indicator 13 – Commitment to the promotion of gender equality

Indicator 14 – Relationships with outsourced workers?

2.3 Decent work

Indicator 15 – Policy on remuneration, loans and career development

Indicator 16 – Care for health, security and working conditions

Indicator 17 – Commitment to professional development and employability

Indicator 18 – Conduct towards those who leave the company

Indicator 19 – Preparation for retirement

3. ENVIRONMENT

3.1 Responsibility towards future generations

Indicator 20 – Commitment towards improvement of environmental quality

Indicator 21 – Environmental education and awareness raising

3.2 Management of environmental impact

Indicator 22 - Management of environmental impact and in the life cycle of products and services

Indicator 23 – Sustainability of the forest economy

Indicator 24 – Minimisation of carriage of materials

4. SUPPLIERS

4.1 Selection, evaluation, and partnership with suppliers

Indicator 25 – Criteria for selection and evaluation of suppliers

Indicator 26 – Child labour in the production chain

Indicator 27 – Forced labour in the production chain

Indicator 28 – Support for the development of suppliers



5. CONSUMERS AND CLIENTS

5.1 Social dimension of consumption

Indicador 29 - Commercial communications policy

Indicador 30 - Excellent customer service

Indicador 31 - Knowledge and management of potential harm caused by products and services

6. COMMUNITY

6.1 Relationship with local community

Indicator 32 – Management of the impact of the Company in its local environment

Indicator 33 – Relationship with local organisations

6.2 Social action

Indicator 34 –Financing of social action

Indicator 35 – Involvement in social action

7. GOVERNANCE AND SOCIETY

7.1 Political transparency

Indicator 36 – Contributions to political campaigns

Indicator 37 – Building a culture of citizenship by companies

Indicator 38 – Anticorruption and anti-bribery practices

7.2 Social leadership

Indicator 39 – Leadership and social influence

Indicator 40 – Participation in government-led social projects

(Ethos, n.d.)

2.3 AFRICAN PERSPECTIVES

In *The Oxford Handbook of Corporate Social Responsibility* Visser offers a chapter on Corporate Social Responsibility in Developing Countries (note that the vast majority of African countries are labelled as “developing”), in which he defines what he understands by this concept: “The formal and informal ways in which business makes a contribution to improving the governance, social, ethical, labour and environmental conditions of the developing countries in which they operate, while remaining sensitive to prevailing religious, historical and cultural contexts” (Visser, 2008, p. 474).

The reasons for which the approach to social responsibility in developing countries is different to that in the developed world are the following:

i) “developing countries are where the social and environmental crises are usually most acutely felt in the world (WRI, 2005; PNUD, 2006)”; ii) “developing countries are where globalization, economic growth, investment, and business activity are likely to have the most dramatic social and environmental impacts (both positive and negative) (World Bank, 2006)”; iii) “developing countries present a distinctive set of corporate social responsibility agenda challenges which are collectively quite different to those faced in the developed world” (Visser, 2008, p.474). Visser points to the dominance of South Africa with regards to concepts of social responsibility, having found other specific studies about the Ivory Coast, Kenya, Nigeria, Tanzania, Malawi and Zambia (2008, p.478). He concludes that studies are very scarce and lack

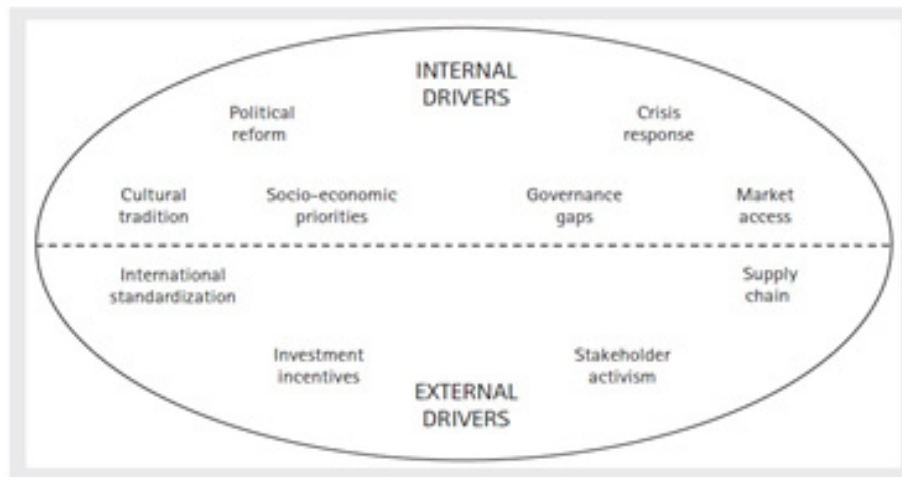


depth. According to Visser, there are ten key factors which define social responsibility in developing countries and which lend it its individual character. In his research, Visser divides these factors into internal, referring to pressures within the country, and external, which tend to have a global origin.

The following diagram (Figure 7.2) illustrates his conclusions:

Figure 7.2 Internal and external factors defining social responsibility in developing countries

(Visser, 2008)



The author sees in cultural tradition, political reform, socio-economic priorities, crisis response, market access and weakness in governance as the key traits of the social responsibility profile of African countries.

As for external drivers, Visser identifies the process of international standardisation (through the homogenisation of legislation, such as the application of ISO 14001), investment incentives, stakeholder activism (generally to compensate for weakness in governance), together with the necessity for investors to stock their supply chain, as the principle factors which differentiate social responsibility in developing countries (p.488).

Social transformation in Africa: the centrality of empowerment

By promoting the active participation of citizens, organisations in the social and solidarity economy promote, directly or indirectly, their training and empowerment. This concept has meant a

fundamental paradigm shift in the approach to poverty, as it stopped being seen only as a lack of material resources and began to be considered the result of unequal power relations (Lewis and Kanji, 2009, p.76). The concept of empowerment is very wide and always supposes increasing the “individuals’ options of free choice, increasing the control that they have over resources and options, and freeing them from institutional oppressors, both formal and informal” (Costa, 2011, p.17). These new actors are trained to achieve a clearer vision of problems and to be able to mobilise the necessary resources to solve them. The so-called “social entrepreneurs” (Marques, 2010, Hespanha (2009, p.18) fall into two categories: “opportunity entrepreneurs”, associated with the capacity to spot opportunities, innovate and potentially gain profit, and “necessity entrepreneurs” which encompasses individuals who, through lack of other opportunities in the job market, decide to start a business to support themselves or their families. Necessity entrepreneurship, the most common kind

in African countries, has less impact, as it does not use as much technology or innovation, it creates little wealth and few jobs, and is, normally, a reflection of the lack of opportunities in the country, the absence of jobs, poverty and the need to survive.

However, as Costa (2011) highlights, the fact that opportunity entrepreneurship has more impact does not mean that necessity entrepreneurship does not play an important role. Although some fail, the businesses which survive provide entrepreneurs and

their communities with economic improvement and increased dignity. They are often the only possible way for people to escape from absolute poverty, strengthen their financial autonomy and change their lives, primarily by buying long-lasting consumer goods and basic services, which provide better housing, better food, better access to education, health and information, more free time, and in some cases, the escape from conditions of extreme poverty via returns on investments. They imply, in short, a clear change in the lives of people and communities.

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3. DIALOGICAL SECTION

The model (Figure 7.3) presented aims to answer the question: **How can organisations create positive social change; and how can they demonstrate this?**

Our starting point has focused on the responsibility that an organisation should have for its community and the place where it is located. With this model, we propose that in order to legitimise positive

social change generated by organisations in their communities, it is important that those who work for these organisations are aware of their responsibility for their actions (or lack of actions). This awareness is part of a process of personal and collective reflection that questions the simple idea of doing something to comply rather than having any personal conviction about what should be accomplished.

Figure 7.3 The four compass points of social responsibility and transformation



Currently, organisations recognise and identify their exercise of social responsibility based on a triple bottom line: the social, economic, and environmental aspects.

Their relationship contributes to a new aspect: the ability and responsibility within social enterprises for individual transformation, giving rise to a new model that does not only emphasise social responsibility. We call this model The Four Compass Points of Social Responsibility and Transformation. This model aims to overcome a vision that only promotes and validates

changes in one direction: that of organisations as promoters of change outside their own environment and work space. It advocates a two-way sense of responsibility and transformation, in which people as a part of the social economy play an active role in shaping and defining changes within their own organisations, together with other stakeholders. This is through processes of participation, involvement, and reciprocal transfer between community/society and the social enterprises. With this understanding, the model presented consists of four aspects:

- Individual transformation
- Community well-being
- Economic sustainability
- Care for the environment

The four aspects complement each other and are inseparable: separation would entail the devaluation and limitation of human relational abilities, which this system is designed to nurture.

Individual transformation

This deals with becoming aware of, and responsible for, our relationship with our immediate surroundings. Our view in presenting this model is based on the conviction that it is not enough to have personal knowledge or understanding, but rather the responsibility lies in the decisions made by each person in relation to their knowledge and understanding. The belief underpinning this is that we cannot speak of social responsibility and transformation that does not start with full consciousness and commitment of individual responsibility to others within their environment and space of interaction.

From the perspective of human transformation, this is conceived of within a holistic paradigm; where overall well-being is highly valued by those who work in this sector. This is a well-being that promotes their personal fulfillment, the meaning and direction that individuals attribute to their lives, and the respect that they deserve from other people. It is a well-being that must be defined by certain standards of quality, fair work conditions, and implies a greater understanding of the well-being of all.

Individual transformation means that each person feels that his/her work is valued, is personally significant and meaningful to others; and that they are aware that their well-being and empowerment depends on the well-being and empowerment of others. Therefore, there is an interdependent relationship between people.

The co-independence factor arises in relation to liberation from relationships that detract from the ability and freedom to make decisions and to take actions without external coercion. It is a co-independence that allows the person, together with others, to regulate their time, context, and working conditions, and to be aware of the impact that is

derived from their active participation in making personal and collective decisions.

The psycho-affective processes that occur within this individual transformation are key to confronting the realities of injustice and those that align or marginalise the person from his/her rights and needs.

Community well-being

This aspect proposes that there is a strong relationship between personal well-being, including self-esteem, and the well-being of the community. This represents a strong commitment to the community, with a vision of active citizenship, interpersonal development, innovation, the ability to be autonomous, and an openness to take risks and try new things. It assumes that all can participate and contribute on some level, for themselves and the community.

The participatory model of governance and management, involving representatives of all stakeholders, becomes values-laden in itself. In order for everyone to feel part of the same community and share problems and solutions, it is important to involve the community and other institutions in strategic and operational decisions and to assess the advantages and disadvantages of community development proposals with those affected. These experiences often represent the learning and development of democratic skills.

This aspect promotes collaborative work focused on continuous and life-long learning and extends throughout the entire nuclear family, from an inter-generational and gender approach. This also applies to forms of independent work, such as self-employment.

Personal fulfillment resulting from professional and work fulfillment is very important, and often results from the feeling of participating in community problem-solving. Furthermore, commitment to this aspect does not decrease due to the wage gap that exists between the private and public sectors. This means that the people who opt for this system consider the diversity and transformation of community experiences, personal fulfillment, and the mission of their service to be one of the rewards of their work. This means that the advantages transcend monetary issues and become personal, relational and collective rewards.



Social enterprises add to their responsibilities the inescapable responsibility of being spokespeople for communities that feel forgotten by the government and others who hold power.

Economic sustainability

The interpretation of this aspect refers to more than sustainability in a purely financial sense. It also takes into account how the manner in which work, income generation, its purpose, and its impact within the community are conceived.—

Achieving and maintaining sustainability is one of the characteristics of organisations with social and solidarity-based economies, but it also represents a challenge. Organisations are fully aware that any income diversification and generation will increase their ability to take responsibility for the positive transformation of their own community. Furthermore, it gives them greater responsibility when making decisions related to the development of the location in which they operate.

For social enterprises, it is vital to know the impact that their productive activity generates. Fair trade is one example of this; it goes beyond the simple process of production and exchange and extends into the realms of fair wages, work conditions, and the governments of the countries of origin of raw materials. The prices of services or products are sometimes above the market average because they adopt fair working conditions and practices to care for the environment.

This results in an *intrinsic value* to the modus operandi of the organisation, rather than an *added value*. Social enterprises assume these costs, while in other sectors the real cost is not made visible and is assumed by the civil society in the form of high levels of poverty or social/economic marginalization and environmental destruction.

The ability of each participant in a social enterprise to decide the fate of the organisation's financial surplus is fundamental to economic sustainability. It becomes an incentive for people to maintain the collective will

to continue their work and promote the development of the organisations themselves.

The social responsibility and transformation within this aspect referred to as economic sustainability inexorably takes place from the knowledge and understanding of the traceability of the resources that the organisation uses for raw materials, their practices, their buying habits, and the relationships generated by these activities. This involves continuously instilling transparent communication practices, in which information on these supply chain and procurement aspects is accessible to all stakeholders and society in general, in order to promote and strengthen value-based relationships and behaviours such as reciprocity, one of the lynchpins of a social and solidarity-based economy.

Care for the environment

The commitment of organisations within the social and solidarity-based economy involves using technologies in production processes that protect the environment, also known as ecological rationality in the use of technology. Protection of the environment implies a more rational use of resources, using fewer contaminants, recycling a greater proportion of waste generated, and treating residual waste in a more efficient manner than conventional technologies. The certification of products and services becomes an efficient mechanism to demonstrate the organisation's commitment to reducing or eliminating the negative by-products that their work causes in the environment.

Traditional practices are recovered and promoted by organisations whose work is environmental protection or the improvement of resource management.

The social transformation discussed here refers to individual and societal change with respect to others. But crucially it also refers to respect towards oneself and towards nature.



4. PRACTICAL CASES

4.1 COOPERATIVE AND ASSOCIATION OF THE NORTHERN ALTIPLANO, CAPE VERDE (SANTO ANTÃO)

Rational objectives

- To identify cooperative values in the African context.
- To understand the response/resolution mechanisms and operation of formalised groups in the African context.
- To reflect on the impact of these community experiences on social change.

Experiential objective

- To be aware of the role of social economy organisations in social and community development.

Context

The Resistance Cooperative of the Northern Altiplano (Cooperativa de los Resistentes del Altiplano Norte - CRPN), is a consumer cooperative in Chã de Feijoal in Cape Verde, officially started in 2008 after working as a 'pre-cooperative' in 2007 with the corresponding committee. The cooperative works to provide the community with basic consumer goods in times of drought (which are frequent), to guarantee the survival both of the inhabitants and of the animals bred for the population of the northern Altiplano.

The term Resistance and the fact that it is a consumer cooperative are justified by the difficult living conditions the population suffers (lack of water, wild landscapes and long periods of drought) and the response of the cooperative in difficult times to meet the population's urgent needs. "In such situations a consumer cooperative was necessary both to guarantee the nourishment of animals in the area and to have access to basic consumer goods - there was no point having a cheese production cooperative if there was no forage to feed the animals to be able to make cheese. We know there is drought throughout the year, almost the whole year, so we must have feed to sustain the animals," explains Antonio Sabino, President of the Cooperative's Finance Board.

Content

The choice to become a cooperative was for reasons of social justice and equity of access to consumer

goods. "The cooperative, as well as having accessible products, also manages to secure fair prices, affordable for the producers." The consumers/producers are at the same time investors "because the cooperative is ours." As such, the prices of products sold by the cooperative and the profits derived from sales are for the consumers and the producers at the same time.

The President of the cooperative, Manuel Vitória, is also President of the Board of Directors for the Association of the Northern Altiplano, created in



2004 through Caritas, in Porto Novo. According to Manuel, the association was started with community development goals, to respond to problems specific to the northern Altiplano region, with great community spirit. "It was essential to unite to try and resolve jointly the problems affecting the Altiplano populations."

The association has already worked on projects related to water, building reservoirs, protecting soils and planting trees but is currently inactive and waiting to secure funding. Now, the association's objective is to raise awareness so that people pay membership fees and are moved to participate. Future projects depend on any funding obtained to help the region be valued from a tourist perspective, as its potential is huge. The plan is to focus on solidarity tourism; rather than building a hotel, the idea is to "improve family homes so they can offer an acceptable bedroom and bathroom for welcoming tourists into the house. That way, the money would be for families rather than staying in the hands of one person."

Internal operation

The operation of CRPN, which has 45 members, is unlike many 20th century cooperatives over which governments exercised a great deal of control. “The cooperative was created top-down and that is different to our model. We left the cities; our model is created from the inside moving out” (Antonio Sabino). The Resistors struggled in setting up since they first had to “build awareness because we were so discredited, everyone thought it didn’t work and that it was a way of cheating people.” One way of attracting members was the distribution of profits among legal members of the cooperative: “It was decided in an assembly that if you don’t pay fees you can’t be a member. It’s illegal otherwise. That created a lot of motivation The fees are a symbolic amount; if the member earns 2500, he has to pay 600 - he’s up 1900 escudos.”

This is a case in point of an organisation system based on principles of democracy and autonomy, and where management responsibilities are assumed by the members of the cooperative itself. The principles of voluntary membership, responsibilities for every member and democratic control of the cooperative are very much present.

Decisions are made by voting in a General Assembly. Members with limited literacy are always kept in mind: more technical documents are presented on posters, and the directors make an effort to encourage members to participate in the discussion and to make sure they understand, as Antonio explains. This method of sharing information, alongside the distribution of profits, encourages even more member participation: “Everyone knows that an assembly will take place in March Everyone comes on that day and pays their fees and it is arranged so they can also receive their share of the profits. On the same day, proposals are presented in plenary and are voted on” (Antonio Sabino).



An obvious concern for the CRPN is the remuneration of key people in the association, i.e.:

1. The people who make the business sustainable - the associated members.
2. The people who work to make the business viable - the employees and management.

The first are safeguarded by the organisation’s mission and articles of association which state that “the cooperative must distribute among its members.” The second illustrates an awareness of the time and costs involved in coordinating the cooperative - an awareness of social responsibility. Bearing in mind the time spent coordinating the cooperative takes away time that could be dedicated to their main activity on which they survive, usually rearing livestock, the assembly voted to allocate a ‘small bonus’ to the coordinators as a form of compensation.

The CRPN currently has full-time employees, with the right to a contract and insurance, and management, without a definitive contract but receiving a bonus for their dedication and motivation.

Impact in the community

The organisational models put in place by the Cooperative and the Association of the Northern Altiplano are very important agents in removing political ties from the community and in finding local solutions to local problems, solutions centred in the community.

This is clear, for example, in the sale of products at prices that are predetermined by all the members of the cooperative (participation and proximity to the community) and not exposed to the fluctuations that individual businesses or food shops could suffer. “If, for example, that shop were mine, I would set the price I thought fit But it is a cooperative and the prices are fixed by member agreement; if there is a product that members think is too expensive, they can bring it up in the assembly. That price must then be discussed, the current price explained, and whether or not there is the possibility of selling it more cheaply, because the main objective is to have an affordable price, not a greater profit” (Antonio Sabino). Clearly, this is only possible by abandoning the logic of the market economy and practising a solidarity and sharing economy, which is

“only achievable with a cooperative”. In other words, “we have to make a profit in order to guarantee the sustainability, development and consolidation of the cooperative, but not such high figures.” This means more fairness and greater balance in defining prices which are inclusive. At the same time as building social justice with respect to access to products, wealth is also being generated in the region as there is constant reinvestment in the business: “Of the prices set on the products sold in the cooperative, a percentage of the profit is ours - we are investing and finding the product in the area, investing in something that is ours ... 20% is the members’ profit margin, 30% is stock, another 20% is the reserve fund (deposited in the bank for any eventuality) and the other 30% is working capital” (Antonio Sabino). The cooperative also takes on an added social responsibility, emphasising that “if there is some eventuality, an emergency that needs addressing - a family that is struggling financially, for example - obviously as a cooperative we are committed to help.”

Manuel Vitória, on behalf of the Association of the Northern Altiplano, highlights the social responsibility of the State and international organisations, criticising the actions and projects they carry out as either built around an incorrect diagnosis or offering solutions that are inadequate for the local reality. For both interviewees, it is in the community where, in living the problem, the best, cheapest, most sustainable solutions are achieved. They give the example of the reservoirs. An international organisation arrived with good will, sought funding and began work but “they didn’t manage to finish the reservoir with the funding

assigned for it. They did a part of it but then had to stop because the money ran out and they had to secure new funding and start again. They didn’t finish because they spent all the money on labour.” The huge, obsolete tanks are there to be seen for anyone visiting the northern Altiplano. The community uses another water reservoir, built by local people using local resources, for much less money and without exceeding funds or deadlines.

The interviewees also highlighted the responsibility of the two organisations in reinforcing a critical mindset in the community and in community development. Both men feel that, often, African organisations, imbued with a handout mentality, “were used to carry out work” to serve national and international interests, often more to do with resolving problems in the short term than real, sustainable community development. The two directors take on the responsibility of the Association and the Cooperative of the Northern Altiplano to guarantee the quality of investment made in the associations, ensuring they are orientated towards “identifying the problems in the area, seeking solutions, training management and designing projects, so as to be able to go to whichever NGO and knock at the door with a project in hand for resolving the problem” (Manuel Vitória).

What makes these young men continue to give everything to these organisations? “A constant motivation to want something better for the northern Altiplano” (Manuel Vitória), and a belief that “together the community can make its voice heard more easily. Legally, on the one hand, but also simply because it has more force” (Antonio Sabino).

Questions for discussion and action

- What three things struck you most in the case study? Why?
- Reflect on the features of the internal operation of cooperatives that mobilise communities.
- Speculate on the importance of social responsibility activities for social cohesion and community involvement in social problems.
- Analyse the impact of these two organisations on community development.



4.2 JESÚS MESA SÁNCHEZ SAVINGS BANK COOPERATIVE, MEXICO

Rational objectives

- Identify the role of a savings bank in the process of social transformation through the stories that are presented.
- Analyse the responsibility and social transformation of a cooperative using the model of the quadruple bottom line, presented earlier in this chapter.
- Carry out a case study based on the personal stories, the role of responsibility and social transformation of cooperatives in different sectors (savings, consumer, production, distribution, etc.).

Experiential objective

- Appreciate the importance of responsibility and social change of organisations in the social and solidarity economy as features that differentiate them from other organisations.

Context

As the literature has shown, the social and solidarity economy is intrinsically linked to social change and as studies in this field demonstrate, this extends inevitably to the process of personal transformation. This is a key indicator of the ability of organisations to change lives. In this study, we present the personal stories of some of the members of the Administrative Council, of the Accountability Committee, the Head of the Education and Dissemination Committee and of the Juan Mesa Sánchez Savings Bank Cooperative. Each member recounts how belonging to a cooperative has changed their lives, not only at a personal level, but also at a professional level and what it is like to belong to a cooperative family.

The name of the cooperative dates back to 1963, when the priest Jesús Meza Sánchez (parish priest of the Santos Reyes church in the town of La Paz) decided to set up a savings bank to support the economic

development of their community. At that time, 193 people joined. Today, 51 years later, the number of members has increased to 25,000, the number of junior savers to 6,000 and the number of branches to four.

The mission of the Jesús Meza Sánchez Cooperative (JMSC) is to contribute to the improvement of the quality of life of its members and it achieves this through educating a savings culture, mutual support and the responsible use of loans through its different savings, loan and investment products.

The benefits that the cooperative offers to its customers are:

- Access to all the savings accounts that are offered by the institution.
- Availability of the range of products and services.
- Payment services for electricity and telephone bills.
- Participation in promotions and events that the cooperative holds at no cost to the members.

The cooperative has a variety of loan products which cover different personal consumer needs such as medical bills, school fees, family bills, purchase of furniture, etc., building costs, renovation, extensions to properties. In addition, in relation to work costs, there are loans for the purchase of tools and equipment, provisions, agricultural machinery, purchase and repair of transport-related equipment just to mention a few. The cooperative is affiliated to the National Cooperative Alliance (ALCONA according to its Spanish acronym), to the Latin American Confederation of Cooperatives and Workers Mutuals (COLACOT), to the Cooperative Federation of Mexico Valley (CITLALLI) and to the Confederation of Savings Bank Cooperatives of Mexico (CONCAMEX). It has a broad social capital which sets out to safeguard the values and principles that have guided the development and expansion of the cooperative to date.



Content

Name: Santa Guadalupe Castellanos Díaz

Post: Vice President of the Administration Council



At home they tell us that whilst you have a job, irrespective of what it is, that you do well and with dignity, that is more than enough. The Cooperative has been a means of obtaining resources and solving our problems. Many families have lived that same experience. My father was always a member of

the Cooperative and when he married my mother, she too became a member. My memories as a child are that they could face up to extremely difficult times thanks to the savings that they had. In fact, our house was built with various loans that were issued by the savings bank. Sometimes, for example, when there were no funds for my college education, they said to me: "We're going to get a loan." They came and took out a loan to ensure my education.

I was a junior saver. The savings bank usually sent us, when we came of age, a letter which said: 'Dear member (and it included your name), we wish you a happy 18th birthday. We would like to inform you that, from now on, you are a full member of the savings bank and we would like to invite you come and carry out the formalities in order to get your membership card'. Being 18, I went to collect my voting ID and other documents to carry this out and so became a member. Our parents always took us from being very young to the assemblies, emphasising that it was important to attend so as to be well informed. I attended the 2007 Assembly as a member and, as one of the councillors was stepping down, elections were held and, as luck would have it, my name came out as a candidate and so I put myself forward for the Directive Council. At that time all the candidates were informed that we were to introduce ourselves to the Delegates, I presented my proposals and they elected me as a member of the Administration Council.

Name: Julián Sánchez Salazar

Post: Secretary of the Accountability Committee



My mother enrolled my brothers and sisters and I in the cooperative and I've been a member for 37 years. That is where I met the woman who is now my wife, born here in Reyes, where I've always felt very well treated. I know that our parents bought the land on which to build their house thanks to the cooperative.

I only studied as far as secondary level (high school) and I always sought to work in companies that offered me a future. The knowledge and experience that I got in the private sector, especially in the financial administration part of the companies, was very helpful for me when they elected me as a councillor round about 2012. There was tight competition with ten applicants for the two places. I am confident that I can offer the present members the experience and knowledge that got me here to the Accountability Committee. Today the government is tightening up the regulation processes and the laws so as to get rid of this sort of cooperative.

Name: Jovita Tello Villa

Post: Secretary of the Administration Council



I am the secretary of the Administration Council of the Jesús Meza Savings Bank. My father always instilled in us sound principles and always told us that to be in a cooperative we should be honest, loyal, efficient and be a role model for all the members.

I liked that way of thinking and I enrolled as a member. I underwent the cooperative course, because then the people who gave it were the same people as were on the committees. Later, a colleague encouraged me to put myself forward for the elections since I had always loved the cooperative and liked helping others. They all voted for me and I was delighted that they had trust in me.

Then I thought to myself 'I'm going to check the state of the finances' and I found out that everything was correct and in order. I'm very pleased to belong to the cooperative. I am satisfied that we have people with outstanding qualities. The values of this cooperative are honesty, loyalty, friendliness and efficiency. It stands out because it is not motivated by earning money and this is true of all cooperatives.

I want to tell you the truth that it is so satisfying to help others when they haven't a clue. I used to say that perhaps the banks were better but then I realised they can't compare with cooperatives. We should make every effort and come together as one cooperative movement to carry on supporting all the cooperative community.

Name: María de Lourdes Mejía Juárez

Post: Spokesperson for the Administration Council



I've been a member of the Jesús Meza Savings Bank since I was five. I am the daughter of farm workers. Some friends of my parents told them where to put their money because they had been to the bank and they knew nothing about interest rates. One day I was elected as a councillor and I began to pre-

sent reports, proposals. At that time, I was studying for a master's in business administration. I come from a family that has had to fight and work. On that master's I did my dissertation on the business model of a cooperative. They asked me: what is a cooperative? Is it a business?

At the time that I submitted my proposal to the postgraduate assessor at the University, I was told: I shouldn't accept it because they are supporting me and people say that cooperatives are a fraud. I was going to be thrown out and I asked the Jesús Meza Savings Bank permission to do a study here and they agreed. My argument for doing it was: the cooperative is a business not because it generates profit but because it genuinely helps to stimulate the economy

not only in one sector but in all sectors. However, this is something that is hard for many to take given the non-profit making aims of cooperatives. I got to the professional exam stage and they were still asking me: 'but what is a cooperative. I don't understand how it can be a sound business'.

The doctoral programme was management and I followed it in my role of councillor. I must say that it is very different keeping up the image of the member because I take part and express my views in the Assembly and, being here, the challenge is to maintain the cooperative model. In actual fact, the institutions do not support this cooperative and, rather flippantly, we just hope that we can carry on being a cooperative institution without dying in the attempt.

Name: Miguel Lecona Guzmán

Post: President of the Accountability Council



I've spent half my life in this cooperative. I'm 25 and I joined at the age of nine as a junior saver. I've been a member for 16 years and the truth is that it could seem impossible to reach the post of councillor at my age. There has always been this prejudice, at least in Mexican culture, that being young

we do not have the knowledge or the necessary skills. However, when I came in as councillor, I was half way through my studies.

I studied social work and the project attracted me a great deal. From the first term, for example, I studied epistemology, knowledge theory and as well as studying the social aspects, I was drawn to work at the front line, to be a part of a cooperative with its social role. I got in thanks to my mother. All my family had been members of this cooperative from being young although as a child I did not see or imagine what being here meant. They took me to all the events that the cooperative organised: assemblies, children's day, mothers' day, etc. and, little by little, the sense of belonging grew in me being part of this cooperative.

Name: Elizabeth Montiel Torres

Post: Head of Education and Dissemination



I have a degree in communication and journalism and I qualified in 2011. For this reason, my professional journey is quite short. I arrived by chance at the local savings bank through the work exchange at the Autonomous National University of Mexico (UNAM). I

was in the process of looking for a job and I could see that it fitted my professional profile. I really began to learn about cooperativism when I started to work here. I didn't really have any clear understandings except in the area of communication. I'm really interested in what

is going on here and it breaks down prejudices as communicators and journalists. I've been here for two months now and the truth is I have learnt a great deal about economic and financial matters. Without knowing what a local savings bank is, you think as an outsider that it is a bank. Being here has allowed me a better insight into this world of savings banks. I like the fact that economic growth is linked to cultural and educational growth. For example, in the place I live in, it is interesting to note that we offer summer school courses. On them, they organise cultural activities and also events such as birthday celebrations. They want people to feel good and not to feel like customers but to feel a part of something and that seems to me to be very important for the values that underpin this.

Themes for discussion and proposals for action

- Choose one of the stories and analyse the relationship between the life of the individual and that of the cooperative, how they relate to each other and what other questions you would like to ask in order to arrive at a better understanding of how their personal and professional identity has been influenced by the values of the cooperative.
- Choose a cooperative and analyse its strategy of responsibility and social change using the quadruple bottom line model from the dialogical section of this chapter.
- Visit a cooperative and carry out a case study based on the stories of the members' lives to understand how responsibility and social change in the cooperative have influenced and had an impact on their lives. The study will be published on the project blog. Send it to socialeconomy@yorksj.ac.uk.

The case study was carried out by members of the Administration Council, The Accountability Council and the Head of Education and Dissemination of the JMS Cooperative, Mexico in collaboration with the York St John-Erasmus Social and Solidarity Economy Consortium.

4.3 DIVINE CHOCOLATE, UK

Rational objectives

- To identify the implications of business and organisational practices on producers, consumers and wider society.
- To understand some of the issues around how and where products which differentiate themselves by their ethical stance are sold.



Experiential objective

- To be aware of some of the consequences of worker ownership of a business.

Context

www.divinechocolate.com

The Ethical Consumer Research Association (2015) highlights a number of issues within the chocolate industry, including:

- Human rights abuses: child labour, including child slave labour and child trafficking. This is a particular problem in the Ivory Coast and Ghana, which between them produce more than half of the world's cocoa. The industry has pledged a 70% decrease in the amount of cocoa being produced with the worst forms of child labour by 2020. However, this unambitious target has been weakened and pushed back by 15 years since the industry first promised to deal with the issue in 2001.
- Use of palm oil, sometimes described on packaging under the more generic term of vegetable oil, in which corporations aggressively expand coverage, causing deforestation, destruction of indigenous lands and loss of biodiversity.

Fair trade

Doherty et al. (2012) explain that many original fairtrade organisations set out to stimulate the redistribution of wealth from brand owners in economically wealthy countries back to producer communities, as well as ensuring human rights, improved working conditions and sustained development through increased consumer awareness of social issues. A key aim in fair trade has been to challenge the existing economic and business models to create a sustained shift towards social awareness and concern in society. The fair trade movement has consistently harnessed market mechanisms to drive social change through global consumption patterns. This received a major boost when commodity Fairtrade labelling (Fairtrade Mark) began in the early 1990s.

In 2005, multinational corporations Wal-Mart, Nestlé and Tesco were licensed to carry the Fairtrade Mark on certain products in their own right and this stimulated a dramatic rise in the mainstreaming of fair trade, leading to Cadbury's and Nestlé each certifying their major chocolate brands. Dilution of fair trade would be one consequence of this "co-opting" of fair trade, where fundamental principles may be watered down to ensure mainstream engagement with the initiative. There is also the danger of reputational damage for fair trade, the idea of fair-washing, which occurs when a company derives positive benefits from its association with the fair trade movement, however minimal its efforts to live the values (Doherty et al. 2012, pp.161-163).

As will be seen from the information below, some well-known brands which have the Fairtrade Mark score very badly in terms of the overall ethical stance of the company.

Content

Divine Chocolate Limited is a private company limited by shares, which is a legal form more usually associated with the private sector in which shareholders (owners) receive dividends. Divine is the only Fairtrade chocolate company which is significantly owned by cocoa farmers: the Kuapa Kokoo cooperative owns 44% of the shares. Other shareholders are the interna-

tional NGO Christian Aid, fair trade NGO Twin Trading and Oikocredit, a worldwide cooperative and social investor, providing funding to the microfinance sector, fair trade organizations, cooperatives and small to medium enterprises. (Divine Chocolate Ltd, n.d., Oiko Credit, n.d.) “Unlike its mainstream partners and competitors who sell fair trade products, this social business guarantees to take producer concerns into account when making decisions by having producers as not only board members but also as major shareholders, leading to producer communities benefiting through dividends” (Doherty et al., 2012, p.173).

The benefits to the Kuapa Kokoo community include:

- significant investment in internal controls to ensure that they are delivering on their Fairtrade promises, they also run one of the only farmer-run Child Labour Awareness Programmes which has attracted the support of the International Labour Organisation.
- support by Divine to do a pilot series of hour long radio programmes to promote the benefits of being a member of Kuapa and to share important information with the farmers many of whom are deep in the rainforest and very remote from other villages.
- the proactive approach which has been taken in its gender equality programme. The Kuapa women’s group provides mutual support, learning skills such

as making soap and screen-printing, enabling the women to earn their own money. The group has access to loans from a credit union, which provides seed funding to set up income generating business. Increasingly, the women are putting themselves forward for elected positions in the cooperative and taking on leading roles. A third of the membership of Kuapa is women.

- the building of schools with the Fairtrade premium.

Divine Chocolate uses cocoa butter instead of palm oil, this avoiding environmental degradation resulting from use of palm oil.

Doherty places Divine at number 2 out of 5 in the fair trade value chain, where 1 is fair trade organisations building strong relationships with producers building organisational capacity and trading directly through associated world shops. Divine is partially owned by its producers. It is placed at number 2 in Doherty’s value chain because it has taken a more mainstream route to market through supermarkets, making it more convenient for consumers to buy. The authors argue that this gives some potential for co-opting by supermarkets, who can claim social credentials on the strength of this relationship, therefore putting Divine at some reputational risk.

BRAND	ETHISCORE (OUT OF 20)	HUMAN RIGHTS	WORKERS' RIGHTS	SUPPLY CHAIN MANAGEMENT	POLITICAL ACTIVITY	ANTI-SOCIAL FINANCE	COMPANY ETHICS
● = bottom rating - = middle rating							✓ = Full mark
Divine	16.5						✓
Traidcraft	14						✓
Hershey's/Reese's	6.5	●	●	●	●	●	
Green & Black's	5.5	●	●	-	●	●	
Mars brands	3.5	●	●	●	●	●	
Mondelez brands (including Cadbury's)	3.5	●	●	●	●	●	
Nestlé brands	2	●	●	●	●	●	

Political activity: Hershey, Mars and Nestlé are members of the UK National Confectioners Association. Ethical Consumer considers this to be a corporate

lobby group in favour of business interests over protection for consumers, workers, social welfare or the environment.

Source: Ethical Consumer Research Association

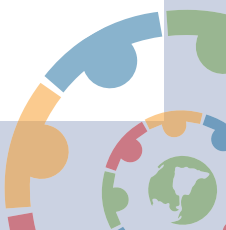


Questions for dialogue and action

- What are the social and environmental benefits of the ownership arrangement of Divine Chocolate?
- To what extent is *mainstreaming* an opportunity and a problem for fair trade practices?
- As a consumer and citizen, what action could you take to hold businesses to account over their business practices?
- Find out if fair trade products are used in your university. What are the procurement processes used by the university and how are decisions made about food sourcing?

References

- Doherty, B., Davies, I. & Tranchell, S. (2012) Where now for fair trade? *Business history*, 55 (2), pp. 161-189.
- Ethical Consumer Research Association (2015) *Slaves to chocolate*. January/February [Internet]. Available www.ethicalconsumer.org [Accessed 20th July 2015]





5. PEDAGOGICAL ACTIVITY

CHAPTER 7: WHO ARE THE PLAYERS IN SOCIAL RESPONSIBILITY?	
Title	Who are the players in social responsibility?
Theme/ Focus	A reflection about the challenges posed by large multinational corporations in African countries
Group size	10 – 20 students
Time needed	120 minutes
Purpose/ Learning objective	<ul style="list-style-type: none"> ▪ Reflect on the nature of social responsibility ▪ Reflect on the role of civil society in the struggle for human rights ▪ Reflect on the role of the State ▪ Reflect on the role of international organisations, such as the United Nations ▪ Reflect on the conditions needed for communities to be empowered
Competences addressed	<ul style="list-style-type: none"> ▪ Develop a critical awareness of news presented by social communication channels media ▪ Argue for the defence of beliefs and values ▪ Take a position in relation to themes around the social and solidarity economy
Keywords	Social responsibility; civic participation; the government, civil society; multinationals
Materials needed	<p>Access to the internet to read the following news piece:</p> <p>https://www.hrw.org/news/2013/05/23/mozambique-mining-resettlements-disrupt-food-water</p> <p>If this is not possible, the educators will need to print 4 copies of the text and give one copy to each group</p>
Preparation/ Instructions for educator/trainer	<p>1. Preparation:</p> <p>Explain that a debate will be created between different stakeholders about a specific situation. Each group will read the news article and prepare their arguments.</p> <p>2. Step-by-step implementation:</p> <ol style="list-style-type: none"> The students should be divided into four groups Explain to the groups that they will read about a specific case, which they will think about and present conclusions Ensure all are clear about the main point in the news story on which the debate will take place: <p>Some multinationals involved in mining in an African country had to deal with the resentment of the population. An international organisation wrote and presented a report about this process.</p> Each group will take on a role: <ol style="list-style-type: none"> The multinational – consider the economic and other benefits which external investment can bring; The government – consider the role of government as guarantor of the good utilisation of the country's resources to improve living conditions of its citizens, and a regulator of economic and other activities. The civil society organisation (such as an environmental or local rights groups) – consider the role that citizens could take in the defence of collective interests. The international organisation (e.g. the United Nations) – consider the role of international organisations as external observers and advocates for the improvement in practices of national institutions Each group is given time to read the text, in order to discuss it and find arguments to present to the other groups. The spokesperson of each group presents the conclusions reached by the group. The four groups engage in debate <p>3. Conclusion:</p> <p>The trainer should systematise the main conclusions of the groups and on the basis of their learning acquired in this chapter, invite trainees to take a position on the case.</p>
Reference	Human Rights Watch (2013) Mozambique: Mining Resettlements Disrupt Food, Water. 23 May, 2013 [Internet]. Available: https://www.hrw.org/news/2013/05/23/mozambique-mining-resettlements-disrupt-food-water [Accessed: 8th August 2015]
Notes	The educator needs to know whether internet access will be available during the session and print out the news article if not.
Contact person	<ul style="list-style-type: none"> ▪ La Salette Coelho and Miguel Filipe Silva, York St. John -Erasmus Social and Solidarity Economy Consortium: ceaup.lasaletecoelho@gmail.com

6. PROFESSIONAL COMPETENCES

STAGE 1	AREA OF COMPETENCE	Competence further explanation & descriptors KNOWLEDGE, EXPLORATION AND UNDERSTANDING ABOUT VALUES AND ATTITUDES WITHIN THE SOCIAL RESPONSIBILITY AND TRANSFORMATION FIELD	ACTIVITIES FOR SELF-EVALUATION
Developing attitudes and abilities for social responsibility and transformation	Social Responsibility and Transformation (SRT)	<p>Develop a holistic understanding about the political, social, cultural and environmental responsibility and transformation of universities and social enterprises towards:</p> <p>Individual transformation:</p> <ul style="list-style-type: none"> ▪ I am proactive in making my own work meaningful and aligned to my values. ▪ I use my influence and power appropriately to promote opportunities for others to engage in work that is meaningful to them. ▪ I am aware of the importance of a healthy work and life balance. <p>Community well-being</p> <ul style="list-style-type: none"> ▪ I encourage collaborative and participatory decision making processes within my community. ▪ I confront discrimination and unfairness against individuals based on human rights. ▪ I create opportunities for students to work with communities in finding solutions to problems identified by communities themselves. <p>Care for environment</p> <ul style="list-style-type: none"> ▪ I promote positive behavioural change towards care for environment within the organization. ▪ I promote critical awareness of the potential benefit/harm of the use of technology to the environment. ▪ I consider and assess my 'footprint' in relation to all aspects of my subject discipline. <p>Economic sustainability</p> <ul style="list-style-type: none"> ▪ I foster practices with students to improve the products and services of social enterprises. ▪ I can direct students to opportunities for ethical financial literacy and management training. ▪ I am committed to reporting corrupt practices in the use or non-use of resources. 	<ul style="list-style-type: none"> ▪ With other teachers, write an essay about how your university and social and solidarity economy organisations of different sectors manage the four dimensions of SRT. ▪ I organise an exhibition with students to show the SRT in action. ▪ I organise a forum to promote improvements in relation to SRT and the University. ▪ I make myself aware of how the students perceive their contribution to the SRT in the university. ▪ I invite social entrepreneurs to talk about their SRT strategy, challenges and accomplishments



STAGE 1	AREA OF COMPETENCE	Competence further explanation & descriptors KNOWLEDGE, EXPLORATION AND UNDERSTANDING ABOUT VALUES AND ATTITUDES WITHIN THE SOCIAL RESPONSIBILITY AND TRANSFORMATION FIELD	ACTIVITIES FOR SELF-EVALUATION
Developing attitudes and abilities for social responsibility and transformation	Creation and demonstration of evidence of SRT	<p>Crear and demonstrate evidence for social responsibility and transformation</p> <ul style="list-style-type: none"> ▪ I understand why, how and when evidence of change brought about by an organisation might be useful or necessary. ▪ I understand which approach to demonstrating impact is relevant to stakeholders. ▪ I know where to find specific information about qualitative and quantitative methods to gather evidence. ▪ I understand the relevance and appropriateness of gathering qualitative and quantitative evidence regarding the changes brought about by the organisation in the following fields: <ul style="list-style-type: none"> » People's awareness » People's behaviour » People's attitudes » People's performance » People's well-being 	<p>I list the aims I wish to achieve through my post in relation to:</p> <ul style="list-style-type: none"> ▪ People's awareness ▪ People's behaviour ▪ People's attitudes ▪ People's performance ▪ People's well-being <p>I develop relevant indicators and their definitions to demonstrate evidence of your effectiveness.</p> <p>I develop a plan to improve the evidence for change in relation to the social responsibility and transformation of the university.</p>

