

# Why we need a Culture of Social Ownership

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This paper will not deal with the forms of social ownership. The rough and ready assumption made here is that social ownership will take many forms, from state ownership to small co-operatives but all are about social goals, the collective interest of society and crucially all are answerable to society in some way shape or form in order for them to be social at all.

For any form of social ownership to work in the long run we need a supporting culture of social ownership. We need it to be obvious that co-operatives and other forms of social ownership are a much more efficient and effective way to get things done in society.

To start with we need social ownership to be widely known. So why is co-operation not more salient in our society? A brief survey of the fair trade movement would readily reveal that the co-operative is the dominant form of organisation for small producers in the global south, and one of the spin-offs of fair trade is frequently to stimulate self-organisation among groups of workers, almost invariably into co-operatives. If it is natural to producers in the south, why not here? Recent advances in neuroscience have revealed that co-operating with others is fundamentally rewarding, not through its effects on other goals but irreducibly in and of itself.

We need everyone to know of a co-operative, we want them to meet co-operatives, social firms, and other forms, in all walks of life *and at many stages of their own lives*. But simply knowing about a socially owned enterprise is not enough to build a culture. In the 1980s nearly everyone would have known of a mutual building society, and large numbers of people were members. That did not stop those members taking the money when it was offered and selling off the accumulated assets of previous generations. We need a culture where that will be “not done”, and where people will be able to see the advantages of social ownership and their responsibilities to other members and to those who built up the enterprise.

For that people need more from membership than a few letters and a dividend (although those benefits are not insignificant). They need to participate. This is not just important for developing real social bonds between people and their enterprises, but people learn from doing: if people are put into a structure of co-operative relations, they will not only start to co-operate, they will develop solidaristic social attitudes. They begin to value co-operation more, see others as more similar to themselves, and

support egalitarian outcomes such as redistribution and equality of outcome<sup>1</sup>.

It follows that structures of social ownership have to be very different from the paper-only membership experienced by most people in the former building societies. Here we can learn from the studies of procedural justice: having a voice, being heard recognises people as members of a group<sup>2</sup>. Being treated fairly, both through the procedures of an organisation, and when dealing with other members or elected officials, is a major predictor of loyalty, turnover, organisational commitment, and willingness to make extra efforts on behalf of the organisation.

The dominant ideology of private ownership and neo-liberal economics has an important role in not just undervaluing co-ops but dismissing them out of hand. In order to promote social ownership it needs to be presented as new, forward-looking and in tune with the new trend in ethical investment, fair trade and environmental responsibility. There is a need to bring together the research on co-operatives within a larger economic analysis, to debunk the myth of their inefficiency. The economic arguments for social ownership need to be more hard-hitting, and placed within a context of how enterprises function within a complex, structured and highly interconnected society.

The dominant ideology also managed to corrupt the ideas about community mutuals so that we got foundation hospitals and Network Rail! Some of the practitioners in the social enterprise sector were unwise in their choice of allies and managed to alienate the trade union movement from the off. Rescuing the debate about local involvement and local ownership from New Labour should be a high priority.

But this still leaves the problem of growing the wider culture. Realistically, most members of co-ops are sleeping partners, how do we persuade them to get involved? And how do we make other forms of social ownership, such as state ownership, real to people? An ingenious suggestion<sup>3</sup>: split the shares/membership into several parts, each representing a stakeholder constituency. Accountability is how social relationships become visible. Unlike personal relationships, the consequences of which can be easily seen with the naked eye, social relationships are not easy to see the stuff

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<sup>1</sup> Deustch, M.,1985. Distributive Justice.

<sup>2</sup> Tyler, T.R., 1992. and Lind, E.A., Tyler, T.R., 1988. Procedural Justice

<sup>3</sup> Rowland, A.D., 2003. New Governance: A Necessity

of, but when we are held to account the structure of those relationships and the obligations around which they are organised become patent.

However, if you suddenly asked the sleeping members of large scale enterprises (public or private) to be responsible for the activities of the firm from which they enjoy the dividends, it would be difficult for them to know where to start. But by defining their responsibility at the outset, say for environmental impacts, a) you make the job rather more possible and b) you have changed the concept of ownership from being an individual one to an inherently social one. Such accountability would be a spur to grassroots organisation.

This activity should be widened and structures created to make it practically possible, and mandatory, for the ordinary member to take part in the process of accountability which is so vital to creating real social relationships. Ownership becomes a social relationship not an individual attribute<sup>4</sup>. Private property is seen as an attribute of individuals or the legal fiction of the “artificial personality” which is a limited company. This is a fundamental mistake: ownership is a relationship between a person or people and society, their neighbours, their local community, or any of the forms of what psychologists call the “generalised other”.

The discussion of accountability (and the psychology of accounts has a great deal more to say) reveals just how important calling people, companies and governments to account really is. In fact if being held accountable for something is how the obligations of social relationships are made manifest, then any enterprise or organisation which is not accountable to the wider society is not actually social. It may be a co-op, it may be a public interest company, but if the mechanism of accountability is not functioning then it is not social. You may hold shares in a co-op but it is not social ownership until you are accountable to society. You receive benefits from membership, you are accountable for that membership.

Work needs to be done with the Co-operative movement on the idea of accountability as the basis of social ownership and of practical involvement at a local level. If we want people to participate then that has to be something practical enough for them to identify with.

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<sup>4</sup> The economist Mark Hayes (and first managing director of Shared Interest) has talked about three different types of motivation in economic life which produce different uses of property: donations, deposits and capital. These effectively set up three different types of relationship; solidarity, security, profit. His work also implies that in a healthy enterprise all three are in tension, and in balance.