

Global Uncertainties and Ways Forward

Mutuals and their Future

In chapter 22, the book concludes by suggesting that a more balanced relationship between societies, states and markets needs to evolve in order to stabilize the global order. It argues for five ways to develop global public policy in order to achieve this; one of these areas is in reviving mutuality. But what futures do mutual movements have?

Mutual and employee-owned organisations are public and private enterprises, which have the potential to provide social, as well as economic, benefits. As a philosophy, mutualism is a set of ideas and principles governing the relations between individuals; for example, Kellner describes mutualism as ‘a doctrine that individual and collective well-being is obtained only by mutual dependence’ (Kellner, 1998: 7). As an organisational practice, mutuality is characterised by distinctive ownership and governance structures which express the values of equality, fairness and mutual respect through democratic decision-making; for example, Birchall defines a mutual as a member-owned business that is ‘owned and controlled by members who are drawn from one (or more) of two types of stakeholder – consumer and producer – and whose benefits go mainly to these members’ (Birchall, 2010: 4). Single and multi-stakeholder organisations are a way of structuring organisational life which goes with the natural flow of human relationships, normally characterised by inter-dependence, the desire for belonging and the need to do something worthwhile in cooperation with others. When mutuals succeed in aligning their governance architecture with their culture, values and organisational practices, then they become highly effective vehicles for realising basic human needs for belonging and meaningful work - as well as producing goods and services for their customers and communities which both welfare state and conventional private enterprise may have failed to deliver.

Traditionally, mutuals sprang up to fulfil unmet social and economic necessities, providing organisational vehicles for people to collectivise their needs, and making self-help the key to creating sustainable businesses. They had to operate in a business-like manner, generating profits, but because the activities were funded by

members there was no external-investor, meaning that the surplus could be used to create sustainable reserves, provide well-being benefits to members, their families and communities, or to distribute as a dividend. In order to sustain the democratic model of representation and member control of the purposes and means of the organisation, then creating a member community was vital. This required the formation of a background culture and values based upon fairness, equality and mutual respect, so that all members could feel confident of their status when taking up their responsibilities as co-owners. Thus, mutual enterprises far exceed the involvement and participation strategies pursued by investor-owned companies, whether aimed at increasing employee engagement or improving customer loyalty, in creating multi-stakeholder democratic communities. Such enterprises, when they are able to pull off the difficult organisational discipline of mutuality, experience instrumental benefits, such as improved quality in decision-making, but also intrinsic benefits, such as the solidarity generated by the sense of sharing in a common fate.

As universal welfare provision breaks down in the aftermath of the financial crisis, unmet need is once more proliferating. In response, modern mutuals are innovating with mixed models, such as combining employee-ownership with traditional member ownership, thereby seeking to leverage the benefits of democratic engagement on all fronts. In the UK public sector, the class of mutual enterprises now contains, amongst others, NHS Foundation Trusts, Leisure Service mutuals, Primary Care mutuals, and Co-operative Trust Schools. In the private sector, there is increasing recognition that the health of sectors, such as the banking sector, depend upon there being a diversity of ownership forms, in order to balance risk with stability, short term with long term decision-making, and to provide for financial inclusion. As a consequence, the features of a revived mutual economy are beginning to emerge – one characterised by a new kind of economic citizenship, grounded not only in an entitlement to a share of decision-making power, but also to an obligation to participate in the maintenance of community life which allows such organisations to be sustained and reproduced.

References

Kellner, P. (1998) *New Mutualism: The Third Way*. London: Co-operative Party

Birchall, J. (2010) *People-centred Businesses: co-operatives, mutuals and the idea of membership*. London: Palgrave Macmillan

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