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## 6. Globalization and alter-globalization

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### 6.1 GLOBALIZATION

Globalization is an extremely complex phenomenon, from both a theoretical-conceptual and a practical point of view, and has received the attention of a multitude of research from various disciplines (sociology, political science, anthropology, geography, economics, and so on) due to its multidimensional nature. Moreover, the development of globalization is associated with serious negative and positive consequences. The alter-globalization movements emerged strongly to counteract these negative effects and to propose other ways of understanding the relationships between the global economy, environment and people. Among them, the social and solidarity economy (SSE) is one of the most comprehensive proposals which address the problems caused by globalization. The SSE confronts future challenges by prioritizing social and environmental needs in economic decisions.

Globalization can be understood as a dynamic process of capitalism that has structured the different forms of capital accumulation throughout history: from the 15th century with the logic of the accumulation of mercantile capital, which allowed the dominance of the Atlantic centres over the peripheries of the Americas and other continents, to the current paradigm of technology as the basis for capital accumulation. Although the term ‘globalization’ began to be used in the late 1960s and early 1970s, it became popular from the 1980s onwards with Levitt’s (1983) famous work, ‘The Globalization of Markets’. It is no coincidence that this fact occurs at this particular historical moment: since the late 1970s and early 1980s, capitalist globalization experienced an unprecedented dynamism in our time, driven by neoliberalism, which encompasses political, geographical, cultural, social and economic spheres (Harvey 2005).

Since then, this phenomenon has attracted considerable attention. The lack of consensus across academic spheres suggests that there remains great complexity in the analysis of globalization, and demonstrates why it is still the focus of a multitude of debates from different disciplines. In this sense, there is a strong controversy due to the wide diversity of approaches to different aspects of globalization, such as its definition and meaning, its historical origin, its dimensions, its ideological bases or its implications.

We can understand globalization as an ongoing process of intensifying cross-border social and economic interactions which is enabled by the decreasing costs of connecting distant places through communication. The process of globalization facilitates the transfer of capital, goods and people across space, and leads to an increasing transnational interdependence of economic and social actors, an increase in both opportunities and risks, and an intensification of competition. Globalization is accelerated by factors such as political decisions (reduction of barriers to trade, foreign direct investment, capital and services, privatization and deregulation policies), technological developments (communication, media, transport) and socio-political developments (migration, diffusion of knowledge, creation of new identities).

## 6.2 CONSEQUENCES OF GLOBALIZATION

Economic globalization, understood as an open practice through the mobility of capital, goods and services, is associated with multiple processes of regional economic integration that exposes the national productive fabric to increasing foreign competition (Dicken 2011). Globalization experienced an extraordinary escalation in the first years of the 21st century, driven by a paradigm known as neoliberalism (Harvey 2005). These processes are boosted by transnational corporations, which play a key role in the economic, social and political changes of globalization (Dicken 2011). The effects of neoliberal globalization on local economies can be studied from four perspectives: economic, socio-labour, democratic and environmental.

### **The Economic Instability**

There is a certain consensus that economic liberalization has brought development to many countries. However, the neoliberal model of globalization that has been implemented has led to serious inequalities between and within countries. There is a strong concentration of trade flows in the geographic areas with the greatest wealth, creating dependence on other regions such as Latin America, Eastern Europe and Africa (Dicken 2011). In this way, extremely unequal geography is produced through processes of social/territorial exclusion and inclusion that affect countries, regions, cities or neighbourhoods. Through this, large segments of populations are excluded, while linking trans-territorially everything that can be of value in the global networks that accumulate wealth, information and power. In addition, another (and perhaps most potent) source of destabilization of the productive economy has been the process of financialization of the economy. Financial capital has become more important in relation to labour income, creating processes outside the productive economy in a way that has increased the risk of cyclical economic crises and their global transmission.

### **The Socio-Labour Instability**

The processes of internationalization of corporations together with the delocalization of production and the increase of imports in national markets have increased net unemployment rates, the precariousness of workers' working conditions and social exclusion. Globalization has facilitated the international mobility of goods, production and capital in the quest for lower labour costs in other countries (Bretos and Marcuello 2017). This situation has provoked significant socio-labour tensions in the affected territories. Overall, this context has fostered increasingly individualized patterns of social relations in public and community life, thus undermining levels of social capital in local communities.

### **The Weakening of Democratic Sovereignty**

The third aspect is concerned with how the growing processes of globalization, and the emerging sets of rules governing the international economy and its power structures, can affect the capacity for democratic self-management of local communities. In this area, we observe that in a globalized world, nation-states are losing their capacity to control the impact of the dynamics of globalization, with the consequent weakening of their political-territorial power. At the same time, the process of individualization generated by neoliberal globalization – reflected

in more individualistic behaviour in the social, labour and civil spheres of community life – has undermined the creation of democratic organizations and the individual's participation in collective decision-making. Globalization thus leads to a reduction in democratic spaces and decision-making processes shaped by people in local territories and, in turn, to a gap between the extent of their participation and its direct impact on the economic and social configuration of these territories, thus reducing their capacity to influence the democratic construction of their communities.

### **The Environmental Consequences**

Domestic economies are largely exposed to the economic and financial fluctuations of other countries. The impact of economic and environmental policies at the territorial level may be reduced by such interrelation and openness to the outside world. Furthermore, there is global environmental degradation which is generated by international trade relations and by the behaviour of many companies, especially transnationals, which benefit from lax environmental regulations in many emerging countries (Bretos and Marcuello 2017). These free-trade dynamics have the potential to undermine democratically established rules and norms at the local level, especially those relating to environmental legislation. In this area, the enormous power and pressure exerted by multinational companies, some larger than many national economies, plays a fundamental role in shaping the environmental configuration of countries. This is achieved by establishing legislation, policies and measures that are far removed from democratic decision-making procedures and that often go against the general interests of societies and environmental sustainability (Rodrik 1999).

## **6.3 ALTER-GLOBALIZATION AND THE SSE**

Neoliberal globalization has generated different responses worldwide to try to counteract its effects and propose alternative models of globalization. Among them are the movement represented by the global social justice movement, alter-globalization, or the alter-global movement, which is not against globalization but for another globalization, where the economy could be regulated and where human beings and the environment are more important than transnational profits. The alter-globalization movement has its origins in the World Social Forum in 2001 in Porto Alegre, and arises as a counterpoint to the annual event of the World Economic Forum. The alter-globalization movement consists of networks of international organizations and movements present on all continents. These networks have various themes of mobilization and work, including the improvement of working conditions, the revitalization of democracy, the protection of the environment, human rights, and the situations of exclusion and vulnerability of populations.

The SSE, one strand of this alter-globalization movement, is a global movement that is characterized by strategic organizations which foster social cohesion and promote sustainable and inclusive economic development in the context of economic globalization (Monzón and Chaves 2012). The SSE has a relevant role to play in developing a model of globalization based on people and the environment. In this sense, the principles and values that define the SSE are essential in the promotion of local sustainable development of territories through its

contribution to the economic, socio-labour, democratic and environmental stability of local territories.

### **The SSE and Economic Stability**

The special characteristics and the resilience of SSE organizations and enterprises (SSEOs) make it possible to address situations of economic instability and the financialization of the economy (see entry 52, 'Resilience in the Context of Multiple Crises'). SSEOs are founded on democratic decision-making models and are based on the members of the organization and not on the ownership of capital. In this way, we can affirm that decisions will be aligned with the needs of the territory and the community where the members live. Other relevant characteristics are the benefit distribution model which is based on effort and reinvestment in a member's local area, the capacity to mobilise resources and investments, and the generation of local accumulation processes (Bretos and Marcuello 2017). Moreover, in rural areas, the SSE is supporting traditional activities and fostering new economic directions. Finally, SSE financial institutions are key to avoiding financial exclusion processes through services for low-income individuals and community-oriented projects.

### **The SSE and Socio-Labour Stability**

The operating model of the SSE is based on principles and values in which the needs of the people, the members of the organizations and the communities where the organizations operate are at the core of their activities. As a result, the employment generated by SSEOs has better working conditions and also offers greater stability, especially in times of crisis (see entry 52, 'Resilience in the Context of Multiple Crises'). SSE salaries are often higher than in other companies in the surrounding area, and wage inequality is lower (Roelants et al. 2014). On the other hand, these principles and values guide SSE entities to generate inter-cooperative processes and inclusive governance models that favour social cohesion. In other words, SSEOs foster the social capital of communities through people-oriented management models with open and plural governance structures, and the formation of social networks within the community together with inter-cooperation processes between people and producers.

### **The SSE and Democratic Strengthening**

The democratic participation of the members of the SSE entities in the management model is one of the hallmarks of the SSE. This democratic model has effects both within the organization and in the territory in which they operate in such a way that it generates processes of empowerment and democratization of local communities. Moreover, within the organization, members of SSEOs participate in the governance structure of the entity, assemblies and the boards of directors, which involves learning civic and relational skills, as well as solidarity and democratic values. Members also have a shared responsibility in the social capital of the entity, as well as in the financial profits and losses. Further, these processes of empowerment of the entity's members have external effects on the communities, as it is observed that an individual is more likely to involve themselves in other community structures by actively participating in public life. Furthermore, SSEOs themselves foster the creation of networks based

on reciprocity and cooperation with other local actors, both economic and political. This is a fundamental contribution to the democratic construction of communities and territories.

### **The SSE and the Environmental Contribution**

The contribution of the SSE to the environmental problems generated by globalization is based on the organization's strong roots in the territory and communities in which they operate. In this sense, the processes of self-management and local development based on the needs of the people and future generations are a model for the construction of processes generated from the bottom up, and which make it possible to counteract the pressure of the large multinational power groups. Furthermore, in response to the negative effects of the liberalization of international markets, the SSE is forming new networks that seek to promote economic development in local territories. Examples of SSEOs involving the promotion of environmental protection include agricultural cooperatives engaged in organic agriculture and farming, fishery and forestry cooperatives achieving more sustainable management of natural resources, and renewable energy cooperatives providing ecologically friendly alternatives in the field of energy production and consumption, among others (see entry 27, 'Energy, Water and Waste Management Sectors' and entry 36, 'Reduction of Hunger and Poverty').

## **6.4 GLOBAL SCALING OF SSEOES**

SSEOs are often considered small-sized enterprises that tend to carry out their economic activity exclusively within the local context. However, throughout recent decades a key trend in the SSE sector at a global level lies in the growing adoption of internationalization strategies by SSEOs (Bretos and Marcuello 2017). The main reasons for this international expansion are the growing pressures faced by many SSEOs to internationalize if they are to maintain their competitive position in increasingly globalized and dynamic markets. There is a growing demand to scale the social impact and wider innovations across borders in a context of growing economic, social and environmental problems that are not being effectively addressed by the market and the state. The vast majority of the largest 300 cooperatives and mutuals in the world operate across borders, through different strategies ranging from contractual operations such as direct exports, franchising and licensing, to equity operations such as greenfield investments, joint ventures and full acquisitions (Bretos et al. 2018). Smaller SSEOs and social ventures are equally producing and offering their goods and/or services on a global scale. Information and communication technologies (ICTs) are critical for these organizations to achieve a global dimension and to scale the social impact across borders. ICTs allow SSEOs to identify and exploit global social entrepreneurship opportunities, access a wider range of funding sources (for example, crowdfunding) and create social networks and entrepreneurial alliances to drive international growth (see entry 33, 'Information and Communication Technology (ICT)'). Not surprisingly, many of the new international SSEOs and social ventures are born globally from their inception (Marshall 2010).

Three major scaling strategies could be identified: control-based, altruistic and hybrid. These strategies can be placed along a continuum in terms of increasing the degree of central control and resource requirements (Bretos et al. 2021).

**Table 6.1** *Examples of organizations utilizing control-based international scaling strategies*

Mondragon Corporation	Mondragon industrial cooperatives have pursued extensive acquisitive growth in international markets since the mid-1990s in order to maintain their competitiveness and safeguard the jobs of the worker-members at the parent Basque plants. There are 132 subsidiaries all over the world with more than 14 000 foreign employees.
The Up Group	Combines economic development, social innovation and respect for the environment. Its mission is twofold: to contribute to social progress, and to provide solutions for a better daily life. With 3600 workers, it has operations and sales in 30 countries.

Control-based international scaling strategies rely on a considerable degree of centralized control and coordination and generally require the greatest investment of resources by the parent organization. These strategies, which basically include cross-border mergers, acquisitions and greenfield investments, involve the parent organization creating branch structures beyond national borders in the form of company-owned stores, offices or plants with all units legally belonging to the parent organization. Control-based strategies are often pursued by SSEOs seeking to increase the scale of operations, to acquire new capabilities and to access resources while entering new geographic markets, with this approach acting as a way to preserve or stimulate their competitive position in highly globalized and dynamic markets. Table 6.1 gives examples of organizations utilizing control-based international scaling strategies.

Similar internationalization strategies have been equally adopted by SSEOs in the manufacturing industry (for example, SACMI – Società Anonima Cooperativa Meccanici Imola), the banking industry (for example, Crédit Agricole, Raiffeisen Banking Group, Crédit Mutuel and Rabobank) and agri-food industry (for example, Danish Crown, Fonterra, Arla Foods and FrieslandCampina). These multinational cooperatives tend to centralize major strategic, technical, financial and commercial decisions in the parent company, based on a dual cooperative–noncooperative model.

Altruism-based international scaling strategies involve a disseminating organization that makes its social innovation internationally available by actively sharing information and/or providing technical assistance to one or more recipient organizations that seek to replicate the approach or model. Also referred to as dissemination, scaling across, diffusion or spread, altruist strategies rely on few resources, and there is little or no centralized control by the source organization over the replication of the social innovation by the adopter, which tends to use the shared information and knowledge as it deems appropriate. Hence, the source organization is not interested in owning and appropriating the value created using its approach, but rather in altruistically spreading its model, ideas or tools to generate broader social impact. The focus of these strategies is on replication, diffusion by other actors and adoption, rather than organizational control. Common mechanisms for the diffusion of knowledge and information in altruist strategies include open sourcing, training, consultancy and loose networks. Food Assembly, REScoop.eu and Cycling Without Age can be considered examples of expansion through the use of loose networks (Table 6.2 gives examples).

Hybrid international scaling strategies offer the broadest range of possibilities for SSEOs to expand across borders and scale their social impact. They rely on long-term contractual organizational arrangements in which both the parent organization and the partners maintain their autonomy, although they usually require a commitment from both parties to share information and pool some level of resources. In hybrid strategies, the relationship between the

*Table 6.2        Examples of organizations utilizing altruism-based international scaling strategies*

Food Assembly	This organization operates an online platform enabling direct trade between communities and local farmers and producers. Anyone can set up their own local branch. Food Assembly operates as a central body that provides the technological platform and support, as well as guidance and assistance to implementers, but without a formal contract or agreement. Indeed, the central association is small and reports no shared results. Originated in France, today the Food Assembly model is spread across Europe in different countries such as Spain, Italy, Belgium and Germany.
REScoop.eu	This European network of renewable energy cooperatives (REScoops) was informally established in 2011 in Belgium, when the founders of six of them met to explore ways of promoting the REScoop model across Europe. Today, the network comprises 1500 REScoops which are owned by roughly 1 million citizens from a wide variety of European countries. REScoop.eu basically coordinates the collaboration between members in different thematic working groups, aiming to provide their members with direct access to experts, and to build a forum for exchange.

*Table 6.3        Examples of organizations utilizing hybrid international scaling strategies*

Cafédirect	This well-known British farmer-owned and fair trade social enterprise was founded as a joint venture between four United Kingdom (UK) organizations involved in poverty alleviation: Oxfam, Traidcraft, Equal Exchange and Twin Trading. Much of the subsequent national and foreign expansion pursued by Cafédirect has been achieved through partnerships with other organizations.
Divine Chocolate	Divine Chocolate Ltd is a British purveyor of fair trade chocolate. The company operates in the UK and the United States. It is owned by Kuapa Kokoo, a Ghanaian cocoa farmers' cooperative, and Twin Trading, a UK-based non-governmental organization (NGO) working on market access. The farmers own the biggest stake in the company and share its profit.
Specialisterne	This is a Danish social innovator company using the characteristics of people with autistic spectrum disorder (ASD), including autism and Asperger's syndrome. The company transforms these features into competitive advantages in the business market (highly developed logical and analytical skills, the capacity to concentrate for long periods of time, zero tolerance of errors or attention to detail). It provides services such as software testing, quality control and data conversion for business companies in Denmark and other countries. In addition, Specialisterne assesses and trains people with ASD to meet the requirements of the business sector. In 2011, Specialisterne opened a subsidiary in Scotland with the social enterprise company Community Enterprise in Scotland (CEiS), which was funded by the Scottish Government and Glasgow City Council. Specialisterne has partnered with the large German multinational SAP SE to train and recruit people with autism across its global operations.

parent organization and the partners can range from loose cooperation to strongly linked structures. Hybrid strategies represent an intermediate solution in terms of resource commitment and control. In comparison to altruist strategies, hybrid modes allow the source organization to gain greater control over its adopters and the process of transfer of knowledge and information. However, hybrid strategies also require more resources and support from the source organization. In addition, hybrid strategies are capable of achieving more varied incremental impacts, as they can scale social impact both directly, by reaching a larger number of users, and indirectly, in a process through which the partners of the alliance or network can induce one another to carry out new activities and processes aimed at increasing social value creation. Common hybrid forms of scaling include social franchising, social licensing, joint ventures and other strategic partnerships. Table 6.3 gives examples.

Table 6.4 Examples of international public–private partnerships

AdapCC	The German federally owned international cooperation enterprise GTZ and the British social enterprise Cafédirect formed a public–private partnership that operated between 2007 and 2010 in Kenya, Mexico, Nicaragua and Peru. The aim was to support small coffee and tea producers in their developing strategies and to cope with the risks and impacts of climate change.
Honey Care	The Kenyan social enterprise that strives to raise incomes for rural farmers through apiculture was established in 2000 as a private sector social enterprise to promote sustainable community-based beekeeping in eastern Africa. In partnership with a number of local NGOs and international development and financial institutions, as well as the governments of Kenya and Tanzania, Honey Care undertakes village-level demonstrations and provides microfinance, training and community-based extension services. It also provides a guaranteed market for the honey produced by smallholder farmers at fair trade prices through the Honey Care Africa and Beekeeper's Delight brands.

International public–private partnerships (Table 6.4) between organizations from the public and the not-for-profit sectors are also commonly used to address social concerns and unresolved needs more effectively, and to increase the efficiency and quality in the provision of public services.

Nevertheless, international growth and scaling involve great challenges for international SSEOs to maintain a sustainable balance between social and financial performance. This involves not only preserving their community embeddedness and socially oriented practices and values, but also extending these across their international networks which are made up of branches, partners and/or implementers. When operating on an international scale, SSEOs have to pursue the societal needs of a broader range of local communities and mutual benefits of the diverse stakeholders affected by their activities. At the same time, some SSEOs must meet the increased efficiency and financial performance requirements associated with competing in highly globalized markets, while others seek to fulfil the challenge of implementing their social innovations in culturally and institutionally distant contexts.

It is also worth noting that several international organizations and associations have played an important role in the creation and global dissemination of the SSE. The International Cooperative Alliance (ICA) is the voice of cooperatives worldwide. It was established in 1895 to promote the cooperative model and unite the world cooperatives along with different sectors, such as agriculture, fisheries, industry, craft and services, banking, insurance, retail, housing and health care services. For instance, CICOPA is the international organization of industrial and service cooperatives of the ICA. It gathers 49 members from 32 countries, who affiliate with 65,000 enterprises employing 4 million persons across the world. There are many other international organizations, including: the Intercontinental Network for the Promotion of Social Solidarity Economy (RIPESS), research networks such as EMES, Ciriec and Rulescoop, international forums such as the Global Social Economy Forum (GSEF) and SSE International Forum (ESSFI; formerly known as the Mont-Blanc Meetings). All of them contribute to strengthening the ties among SSE actors and developing global models of cooperation and democracy.



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