

HOW TO IDENTIFY ENTERPRISES THAT DRIVE THE FAIR GREEN TRANSITION?

Clearly the world today needs businesses to stop extractive practices, be it in terms of environmental or social aspects. Clearly policies, laws and regulation must enable and even favour virtuous economic practices that enable regenerative economy which respects the people and the planet. But there isn't just one view on how to tackle these urgent challenges, even amongst businesses: from those who are truly radically changing practices to those who are only engaging in minor changes _while being very vocal about these_, to those who are simply green and social washing. And then there is Social Economy's diverse yet unique approach to the fair transition.

Why would one care about understanding these different approaches? Because right now, at EU level, but not only, many policies and legal changes are trying to address the environmental and societal challenges. To design policies that truly enable the development of regenerative economy, it is important to understand which different approaches are taking part in the conversation. Otherwise, consumers and policy makers alike will continue supporting companies that set out extractive economic production processes, which are the main origin of our current environmental and social wreck. And if these issues are not solved, in the end, Governments, and therefore citizens, will pay the bill either through social clashes and/or by having to provide more first line social services.



The world needs a coalition of businesses and organizations that truly develop socially and environmentally responsible practices. The topic is complex, it needs to be addressed in a nuanced and pragmatic way. To help navigating through the different entrepreneurial currents, first we recommend being aware of catchwords that blur the lines between very different practices. Secondly, we suggest identifying key elements that can help distinguish between fundamentally regenerative practices from those that perpetuate business as usual by only slightly tweaking

productive practices. This will also allow to situate Social Economy within the galaxies of economic approaches.

Lately, we have been witnessing a growing interest for environmentally sustainable business practices. This positive trend allows us, as a society, to address the root of our environmental and societal challenge: how we produce and consume. The first issue is that vague terms like “business for good”, “sustainable business” or “regenerative economy” are manipulated by many different actors, to express very different realities. At minimum these concepts cover a common concept of economy that shouldn’t be extractive and therefore that voluntarily reduces its ecological footprint; at best, it considers all living and material resources as finite ones that should be treated with care. In any case, the underlying production models that support such approaches should focus on the level of gas emission of products used throughout the value chain. Sometimes such enterprises will go as far as to plant back trees, or even to invest in reforestation activities or to conceptualize products that are sustainable in their entire lifecycle.

To make a difference between these different types of practices and greenwashing, there is no other solution but to do some fact-checking: check their CSR, their goals, and, most of all, check the environmental specialist’s information on the sustainability of a brand and/or product. When doing fact checking, one wants to verify how central the environmental responsibility is in the value-chain and most of all in the production model. The idea isn’t to read the slogans, it is to search for concrete information about processes, investments, etc. And the transparency and accessibility of this concrete information (names of contractors, resources...), *per se*, can be an indicator as to the seriousness of the declared intention. Fact checking is the only way to detect the real deal from enterprises that use green concerns for marketing purpose.

Another striking aspect is that, often, companies that coalesce “to do good” mention the importance of being “socially fair”, but what that means is rarely explained, translated into concrete actions or objectives. In fact, it is quite alarming to see how little consideration is left to the social aspect of businesses. Many companies will make donations for children to go to school, or to provide food in certain regions of the world, which is absolutely needed. The issue with such an approach is that it totally encompasses the fact that the first social concern of an enterprise should be the working conditions of its workers (including equitable remuneration). Otherwise, how can one claim to be a socially responsible enterprise? Does being environmentally sustainable automatically mean being socially responsible? Such shortcuts may be dangerous, as the invisible hand has repeatedly demonstrated to be blind when left alone to perform social justice.

There is an economic reality in which the social dimension is intrinsically the most important one: social economy. First of all, in this diverse economy, there is always a social purpose. What draws the line between a social economy enterprise and a mainstream profit-driven enterprise are the money-flow and democratic practices. In some cases, workers are part of all the decision-making process, in all cases there is democratic governance within the enterprise or organizations. In any case, a majority of the benefits are dedicated to the social purpose and/or to the indivisible reserves, which means they stay in the real economy, supports jobs and answer social purpose of the entity. That is what makes a radical difference with profit-driven enterprises, even those driven by environmental ambition: they are still trapped in an economic model that focuses on investors return, that pushes them to pursue infinite lucrativeness and growth, because, in the end, the winner is the one that manages to sell his/her company at the best value. While the social

economy enterprise will be focused on the social purpose, will reinvest most of its profits in that purpose and will keep the business locally rooted as the overall objective isn't enrichment of the individuals. Democratic governance's purpose is to tame and control any attempt to circumvent the basic principles of SE. By focusing on the social and/or environmental purpose, by its limited capacity to payback investors, SE options are less lucrative than profit-driven enterprises. So in terms of investment, they are less attractive to most investors which aim at high and quick returns on investments.

Furthermore, by applying direct democratic practices in the enterprises and organizations, SE supports democracy broadly. Such practices take time and require resources to organize, they promote deliberative processes and allow diversity of views to be taken into consideration, but these high social added-value activities are not considered productive, they even bear cost. Such activities internalise cost of reproductive work, the social glue that is needed for a shared ownership of our present and future. Another specificity of SE enterprises is to restrain the salary gap within certain limits, which somehow enables a practice of redistribution of wealth before taxes. While these actions are highly valuable in terms of social cohesion, in the eyes of investors, these are usually considered as useless use of resources, and therefore, a waste of money. Worst, collective and deliberative decision-making processes are often considered as less efficient compared to the pragmatic leadership of the relentless entrepreneur.

In any case, don't be bluffed by the use of catchy words, don't be trumped by the efficient marketing. Check what are the true environmental and social objectives and achievements of a given company by checking what actions it develops to reach its sustainability goals. How much of these concerns are chore to the way of functioning of the company? Because it is not enough to claim to be environmentally friendly to participate in the Fair Green transition. As it is not enough to have a social objective to be part of social economy.

Given the urgency of climate change, the issue of supporting businesses that internalise the environmental and social cost of their production system is crucial. Therefore it is crucial to be able to identify those who comply with virtuous production models. It matters more than ever. It matters each time we buy anything, because after voting, consuming is the most common political act. To policy makers, please be aware of catchy elevator pitches, as urgent changes are necessary, and you have the power to make a major difference. Please develop political incentives that support environmentally sustainable initiatives factually, through objective indicators elaborated with scientists, citizens and





businesses. When it comes to social policies, make sure social rights are respected and implemented by all businesses. Support the SE Action Plan policies, regulations and actions to boost SE, to provide it with a level playing field with mainstream enterprises. Don't confuse these with mainstream enterprises who sometimes naively, sometimes voluntarily, create confusion between their approach & SSE. Whatever some may say, the fundamental difference is that mainstream business will pursue the objective of growth and personal enrichment, while SSE aims at social justice; the first glorifies the self-made (wo)man while SSE celebrates collective effort. Economy and society need diversity, collaborations between mainstream economy and social economy should be encouraged. And SE should be further supported as it is a diverse type of economy that strives especially in times of crisis, precisely because it re-embeds the economy in society, making wealth a mean and not the end.