

Value Addition to Sustainable Economic Growth of Sub-Sahara Africa: The Path of Social and Solidarity Economy

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Abstract: The recent global economic and political unrest, depletion of natural resources, climate and ecosystem changes, destructions, the impact of prolonged Covid-19, widening social equality and income losses and economic contraction have greatly affected sub-Saharan Africa, thereby exacerbating the preexisting vulnerabilities in the region. It becomes evident to confirm the necessity for a complementary development model for growth to improve production, governance, overall social wellbeing of the people, and the environment of the region. Hence, the strong advocate for the path of Social and Solidarity Economy (SSE) organizations which is and has been a "bottom-up" strategic collective initiative with local roots, which support efforts for transformative and social innovation. This no doubt adds greater value to the sustainable economic growth of the region in comparison to other climes.

Keywords: Value Addition, Sustainable Economic Growth, Social and Solidarity Economy, Re-launching.

INTRODUCTION

Recent global economic and political turmoil has served to underline the current development system's flaws, highlighting the need for a new or complementary development paradigm (ILO, 2019). Innovative solutions are needed to address the issues that the future of life and work will face. Innovative solutions are needed around the world, particularly in Sub-Saharan Africa, to reverse the erosion of workers' rights, individual rights, job possibilities and workplace conditions, work and production organization, and people and work governance. Alternative business models and innovative growth models are becoming increasingly popular (Ryder, 2019).

In sub-Saharan Africa, there exist a vulnerable environment despite its endowments in human, natural and material resources and vastly diversity in population, size and economy (Sparks, 2021). The region is dominated by the primary sector, lowest gross national income per head, lowest life expectancy; rooted poverty, debt distressed; highest adult HIV infection and preexisting vulnerabilities (Szmigiera, 2021; Aguilar *et al.*, 2021; Schoch & Lakner, 2020; World Bank Development Indicator Database [WBDIDB], 2020).

The need for strategic and structural change in regional, local and public governance becomes a constituent part of reform (Hosu, 2012) that require a re-thinking of the relationship with the private and civil society for the elimination of poverty and the re-launching of local economies. It's no surprise, then, that Social and Solidarity Economy (SSE) businesses and organizations are emerging as "bottom-up" strategic collective initiatives with local roots that support revolutionary change and social innovation activities. SSE provides innovative solutions to challenges that have become stuck, where the government and business have been unable to forge a path forward (Dave, 2021; Ryder, 2019; Benta Court, 2018).

The extensive use and more establishment of SSE in the region is essential to create economic opportunities for the benefit of vulnerable populations (Amrri, 2019). Businesses are increasingly being judged not just based on established metrics, but also on their relationships with their employees, customers, and communities, as well as their impact on society as a whole, changing them from business enterprises to social enterprises.

In a recessionary, depressed, and liberalized economy, in a world marked by a strong demographic

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increase, natural resource depletion, climate change, and ecosystem devastation, humanity is more engaged than ever with the issues of economic growth and sustainability. Further, it is a known fact that mankind is crossing a difficult, challenging period, mercantilization with its remarkable evolutionary leap no doubt generated the start of a deep economic crisis coupled with two other and even stronger ones, the moral and spiritual crises, (things that were previously unimaginable are now a reality) (Dave, 2021; Haller, 2012). Traditional economic growth models must be drastically modified with effective mechanisms to address global concerns, such as the eradication of poverty and misery, which encourages inequality, as well as the violation of socio-political stability and chaotic societies (Egorov & Inshakov, 2021).

Consequently, the intermediation to social justice in modern reality is the use of social and solidarity economy as a developmental instrument able to mobilize community resources capable of re-launching individuals, groups and communities' socio-economic and cultural components; access to the labour market, education, and health services which exclusion exposes people to extreme poverty, low-quality life, low self-esteem and loss of human dignity. Therefore, SSE represents a major innovative strategic approach to the re-launching of local economies, thus enhancing value addition (condition of desirability) and

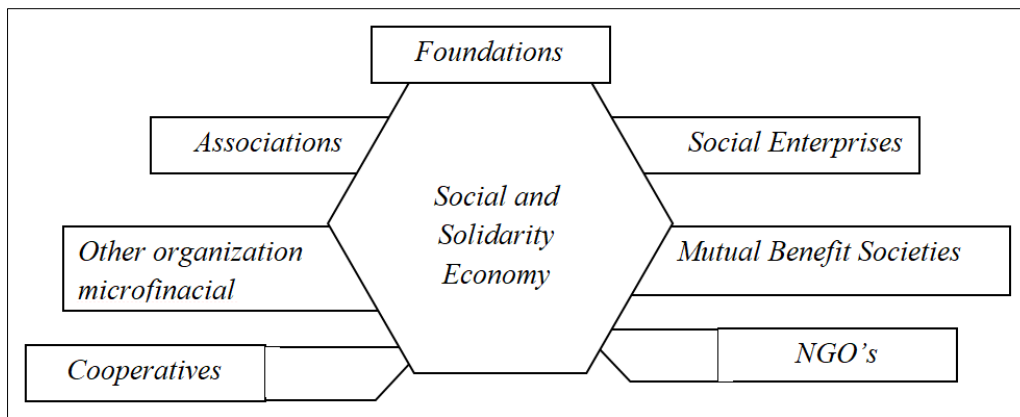
sustainable economic growth (satisfy the needs of humans that are resilient to uncertainty).

The paper seeks to explain the place and role SSE in modern social process and contribution to the future of work of sub-Sahara Africa.

Concepts and Theoretical Issues

Social and Solidarity Economy (SSE)

The Social and Solidarity Economy (SSE) is a concept that refers to businesses and organizations, such as cooperatives, mutual benefit societies, associations, not-for-profits, and social enterprises, that produce goods, services, and knowledge while pursuing both economic and social goals and fostering participation and solidarity (Fontenau & Pollet, 2019). This means that SSEs are organizations and institutions interested in implementing community projects that are inclusive, participatory, and innovative in nature. The SSE is concerned with social and environmental issues and is seen as a counterbalance to the private sector, which seeks profit maximization at the expense of society and the environment (Utting, 2016 in UNIDO, 2017). Consequently, SSE In tackling issues in the changing world/region of work, organizations are value-driven, human-centred approaches. Organizations that promote a social and solidarity economy are well-positioned to become an important tool in fulfilling the 2030 Agenda for Sustainable Development (SDGs 9 and 10) in general and for better localizing the SDGs in particular (Ryder, 2019). The SSE entities are:



Source: Adapted from Vuuren (2017) in UNIDO (2019)

The social and solidarity economy approach assumes that the combined economic and social functions are the common ground. Other characteristics of SSE are collective dimension (based on the will of people/groups to join forces in order to meet their own needs and those of others; solidarity (*aims to include rather than to exclude*); autonomy (*freedom in the decision-making process*); voluntary involvement (*no compulsory affiliation*); participation (*possibility to control/or impose sanctions*); and performance (seek sustainability through developing sustainable business models (ILO, 2019; UNIDO, 2017). As a result, economic activity and social fairness are harmonized in

the social and solidarity economy through social innovations to combat exclusion and offer equal chances (Ali Amri, 2019).

Value Addition

Value addition means to economically add value to a product or service by changing its current place, time and form characteristics to characteristics more preferred in the marketplace (Coltrain *et al.*, 2000). Value addition involves the process of changing or transforming a product or service from its original state to a more valuable form. Value addition enables a condition of desirability by the public, individuals,

groups or customers, thereby creating a competitive advantage that results in greater society acceptance (Ward, 2020). Value addition connotes the extra value created over and above the original value of something, process, services products and other areas of business (Cooperate Financial Institute [CFI], 2020). It involves enhancement features indicating that SSE organizations can increase convenience, employment; improve members' services, change lifestyles, produces new goods, services and greater knowledge. Social and solidarity organizations such as Agricultural Cooperatives contribute to food security by ensuring that food stays fresh and longer. This helps to avoid losses, ensures availability, and quality maintenance, which helps to reduce global hunger. These add value, to sustainable economic growth.

Sustainable Economic Growth (SEG)

Sustainable Economic Growth (SEG) is a concept that refers to economic development that aims to meet human needs while also preserving natural resources and the environment for future generations (Grimsley, 2021). Sustainable economic growth aims at increasing sustainable improvements in the quality of life of all people and can be sustained for generation for more capacity to prosper, through meeting basic needs in raising the standard of living. Economic growth is thus achieved through the optimal utilization of available resources and the expansion of a country's productive capability (Mehta, 2021; Sparks, 2021). It facilitates the redistribution of incomes between the population and society. Consequently, sustainable economic growth brings higher material welfare by increasing the national output of goods and services through genuine financing (Espinosa *et al.*, 2021). The SSE organizations add value to sustainable economic growth as the units coordinate the inter-temporal preferences between the supply of demand for solutions to human problems.

Cooperatives and Sustainability: The Integral Part of Social and Solidarity Economy

In the majority of countries around the world, cooperatives are the main group of firms in the social and solidarity economy. They contribute to the development of a new economy, which aims for social justice and good labour (ILO, 2019). Cooperative companies are based on ethics, values, and a set of seven essential principles that keep people, not profit, at the centre of their businesses, making them one of the best-kept secrets in the Sustainable Development Goal toolbox. Cooperatives are businesses owned and run by their members, a flexible approach for addressing local needs, key to the provision of essential services in poor and isolated areas, and the promotion of sustainable methods which are favourable to environmental protection (Develtere & Papoutsis, 2021; Cooperatives Europe, 2015).

The essential characteristics of a cooperative are that it is a democratic organization coming in a variety of sizes, and operating in many different sectors (agriculture, commerce/trade; medicine, tourism, education, utility, services, industries, energy, banking and finance, workers and many more (Egorov & Inshakov, 2021 & Rousellere, 2010). This gives them a unique perspective, which enables prioritising economic development as well as the wellbeing of local communities. Cooperatives, being member-owned economic companies, are less inclined to sacrifice quality in the pursuit of short-term profit, instead focused on long-term sustainability. They are inclusive as social agents and contribute to the stock of social capital that successful community and economies rely on.

The cooperative model is particularly suited to dealing with the issues that arise during transitions to sustainability, such as poverty, gender inequity, and economic exclusion. Further;

- Cooperative values and principles stand in close relation to the aims and objectives set out in the 17 SDGs and 169 indicators.
- Cooperative can act as social organizations, environmental actors and economic actors (*a 'triple bottom line'*) goal simultaneously.
- Cooperatives also address challenges of governance, by fostering member economic participation and facilitating education and training. This enables autonomy in decision making.
- Cooperatives meet *'a diversified'* set of needs, which go beyond profit generation or shareholder return.
- Cooperatives have become instrumental partners in reaching the most vulnerable and marginalized people.
- Cooperatives have a tangible relation to the communities within which they are based.
- Cooperatives exhibit longevity (permanence and resistance to short-termism), cooperatives are not driven to pack up and move to an alternative location in times of economic hardship.
- Cooperative solidarity has proven to act according to members' needs and members are treated as fair as possible. Each member of the cooperative is responsible for the collective interest of all its members.
- Cooperatives have a consistent social character in their ability to go beyond the boundaries of group solidarity as determined in their principle of voluntary and open membership; member economic participation, cooperation among cooperatives and concern for the community. (Dave, 2021; Egorov & Inshakov 2021; European Union, 2017, Finan, *et al.*, 2017).

As the world watches the capitalist free market collapse and the socialist command economy fail, the only feasible alternative is a democratically owned and controlled cooperative with a high degree of social capital, an incentive environment, and crisis experience (Singapore, 1998, Tunisia, 2019; Nepal, 2015; Australia, 2015; Srilanka, 2004; Japan, 2011); a response to pandemics and job creations (Ethiopia, Uganda, Tanzania, Zambia) and social protection support in sickness, funerals and other mishaps (Botswana, Rwanda).

What is more, mutual organizations/mutual societies and non-government organizations (NGOs) are other units in SSE. Mutuals are non-profit organizations that pool money to fund projects or start-up businesses for one or more members. They give assistance, benefits, insurance credit, and other services to people in rural areas. Non-government organizations are popular due to their exhibition of the feature of non-government based, nor funded, non-profit based, autonomous, non-membership, relatively permanent and with grassroots mobilization. Mutuals and NGOs play service delivery, welfare, technical and financial services in collaboration with community-based organizations in basic service and infrastructural provision. Both fill the gaps in service provision and help the government to forge ties with the grassroots (Owa, *et al.*, 2017).

Theoretical Framework

The paper is anchored on *the Behavioral Theory of Social Entrepreneurship* propounded by H. Bowen in 1953 but came into wide use by Bill Drayton in the 1980s and 1990s respectively. Social entrepreneurship has been defined in a variety of ways, such as a set of business practices that enable social organizations to function, an action that improves the well-being of marginalized people, and the repurposing of existing resources to promote welfare. The value propositions of social and solidarity firms and social entrepreneurs are highlighted, as well as the "shared value" they generate and the social innovations they use to achieve social goals (Ridley-Duff, & Bull, 2019; El-Ebrashi, 2013). The theory is relevant to this paper in that it explains the social enterprises' unique behaviours, characteristics, and typologies which creates sustainable public wealth rather than private wealth and business performance, thus rebuilding and realizing a resilient global society is enabled.

Value Addition to Sustainable Economic Growth and Social and Solidarity Economy

Solidarity is a human association characteristic that stresses the social link that binds a group together and is valued and understood by all members. Solidarity is motivated by a variety of factors, including attachment and shared norms for some, rational decisions and a common interest for others (Douwes *et al.*, 2018). When the market is unable to find an optimal

condition, and there is a widespread slowdown in GDP and productivity growth in the region; shortfalls in economic dynamism and limiting opportunities for young firms; digitalization and robotics fuelling the polarization of income and jobs, the region will at least to a great extent, become aware of the shortages, then the social and solidarity institutions, outside the market will emerge to attend to the challenge. Hence, the contributions of social and solidarity economy organizations can realize social impacts in the region. Thus, the SSE organization's impact on sustainable economic growth includes:

- Production of manufactured goods and commercial services but more of merit goods (health care, energy, community care) and many more.
- Nourishes reciprocal relationships by fostering shared understanding.
- Lowers the costs of production as high levels of social capital and trust are exhibited.
- Develop cooperative behaviour for a collective project.
- Facilitates the sphere of mainstream enterprises.
- Introduces social innovations, credit and fair trade.
- Empowers and fosters members to think and act for the future of their communities positively (Müller *et al.*, 2019; UNIDO, 2017).

The true value added is their responsibility for collaborative actions, the development of important social projects, the formation of networks, and strategic planning processes, not only the maximum of benefits and distribution of additional income.

SUMMARY AND CONCLUSION

Greater value addition to sustainable economic growth in sub-Saharan Africa can be realized through a concerted effort of knowledge promotion of SSE and consolidation of SSE networks. This, therefore, requires that SSE models need to be generalized, especially in the region where deindustrialization threatens to perpetuate poverty as compared to other climes (Bulgaria, Tunisia, Cuba) decades ago. The social and solidarity economy organizations are hypothesized as a model to "build back" in sub-Saharan Africa.

Policy Implications

- Leaders in sub-Saharan Africa should provide clear regulations and legal frameworks for SSE by establishing administrative facilities that separate SSE from capitalist enterprises.
- There should be facilitation for the creation and growth of social and solidarity-based enterprises by the leadership of specific countries in the region.
- Leaders in the region should improve the visibility and awareness of SSE in various

countries and partner with SSE organizations in national development policies.

- Let there be an enactment of laws to foster economic decentralization and ensure better social and economic participation with the scaling up of best practices.

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