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The Political Economy of Social Ownership in South Africa

Opportunities to address inequality in transition

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The Political Economy of Social Ownership in South Africa

Opportunities to address inequality in transition

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Abstract
South Africa has high levels of persistent, structural inequality. Social ownership has remerged in recent years as an opportunity to address inequality, particularly in the context of the just transition. The just transition refers to the manner in which the transition to a low-carbon economy is achieved. Social ownership is proposed as a means to reduce the concentration of wealth, improve access to resources and labour opportunities for a more equitable society.

This research paper examines how models of social ownership in different sectors can be used to address inequality in post-apartheid South Africa to support a just transition. We draw from the literature on social ownership, expert interviews, and case studies in energy, agriculture, mining and finance sectors, with a specific focus on the following ownership models: cooperatives, public entities, and trade union-led socio-economic development projects. The research findings provide a definition for social ownership, pull out key features of successful social ownership models, and unpacks the ways in which they contribute to reducing inequality. The paper aims to support policymaking and contribute to ongoing debates over economic restructuring and inequality.

Keywords
Social ownership, inequality, just transition, political economy, public benefit, solidarity economy, cooperatives, South Africa

JEL codes
D63, E02, E24, J54, N10, P10, P20

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Résumé

L'Afrique du Sud présente des niveaux élevés d'inégalité structurelle persistante. Ces dernières années, la propriété sociale est réapparue comme une opportunité de réduire les inégalités, en particulier dans le contexte de la transition juste. La transition juste fait référence à la manière dont la transition vers une économie à faible émission de carbone est réalisée. La propriété sociale est proposée comme un moyen de réduire la concentration des richesses, d'améliorer l'accès aux ressources et aux opportunités de travail pour une société plus équitable.

Ce document de recherche examine comment les modèles de propriété sociale dans différents secteurs peuvent être utilisés pour lutter contre les inégalités dans l'Afrique du Sud post-apartheid afin de soutenir une transition juste.

Nous nous appuyons sur la littérature relative à la propriété sociale, sur des entretiens avec des experts et sur des études de cas dans les secteurs de l'énergie, de l'agriculture, de l'exploitation minière et de la finance, en nous concentrant plus particulièrement sur les modèles de propriété suivants : les coopératives, les entités publiques et les projets de développement socio-économique menés par les syndicats. Les résultats de la recherche fournissent une définition de la propriété sociale, mettent en évidence les principales caractéristiques des modèles de propriété sociale réussis et analysent la manière dont ils contribuent à réduire les inégalités. Le document vise à soutenir l'élaboration de politiques et à contribuer aux débats en cours sur la restructuration économique et les inégalités.

Mots-clés

Propriété sociale, inégalité, transition juste, économie politique, intérêt public, économie solidaire, coopératives, Afrique du Sud

1. Introduction

South Africa's high levels of income inequality are well-documented (Leibbrandt, Finn and Woolard, 2012; Leibbrandt *et al.*, 2018). This persistent inequality has clear race, gender, age and geographic dimensions. These four factors continue to determine household income disparities in significant ways. Despite several social and economic policy measures introduced by the post-apartheid government, the country's Gini coefficient remains the highest globally, reflecting ongoing challenges in improving social equity.

Inequality in South Africa is a structural problem and can be explained through the context of the apartheid system historically, which shaped the economic structure which has persisted well into democracy. Economic policy in South Africa has been able to reduce poverty levels, but inequality remains prevalent. As explained by Francis and Webster (2019), "the capitalist system in contemporary South Africa continues to reproduce inequality across all areas of social and economic life, despite the demise of apartheid" (p. 792). Wage inequality is a significant determinant of income inequality in South Africa, accounting for 91% of income inequality. Wealth inequality describes the inequality largely due to assets, land, and inherited wealth which is even worse that income inequality in South Africa (Francis and Webster, 2019). Wealth inequality is made clear with the following description:

"*while the highest-earning one percent of the population earns between 16–17% of all income, the top 10% earn 56–58%. Looking at wealth, however, the top 10% of the population own approximate 95% of all wealth, while 80% own no wealth at all*" (Francis and Webster, 2019, p. 794)

Public policy debates on inequality in South Africa have largely focused on wages, social transfers, fiscal policy reforms, skills development and labour market interventions. These debates are mostly confined to conventional ownership models, which are established on the basis of capitalist economic principles. Private property ownership, profit maximisation, sectarian share-holder interests (individual or institutional investors) and competition characterise these ownership structures. This literature often overlooks models that challenge or present alternatives to market-based prescripts on how to design ownership in the economy. Consequently, it is necessary to explore different ownership models that could potentially address the structural socio-economic disparities described above.

Various forms of ownership exist and are in fact more prevalent than we realise in the current capitalist economy.

Social ownership has remerged in recent years as an opportunity to address inequality. It has become an amorphous term, which is highly contested among key stakeholders such as labour, business, government and civil society groups. There is no consensus on the definition and how social ownership policy implementation and design should be structured in public policy frameworks. International development agencies such as the International Labour Organisation (ILO) have set some broad guidelines on developing social ownership models in their social and solidarity economy research (International Labour Organization, no date). South Africa's New Growth Path macro-economic framework (Department of Economic Development, 2009) incorporated some elements of this work. However, it is not clear whether this policy proposition was implemented successfully in different economic sectors. Additionally, there is insufficient information on the extent to which it was aligned with economic restructuring imperatives such as transitioning towards a low-carbon economy.

Social ownership has gained attention in South Africa due to its association with the push for a just transition. The just transition refers to the manner in which the transition to a low-carbon economy is achieved, one that is fair, equitable and inclusive. Within this discourse and literature, the main focus has been on social ownership within the renewable energy sector.

In the Just Transition Framework put forward by the Presidential Climate Commission (PPC), ownership is included in its definition: "A just transition builds the resilience of the economy and people through affordable, decentralised, diversely owned renewable energy systems…" (Presidential Climate Commission, 2022, p. 7). This call for 'diversely owned renewable energy' has also been fostered by the energy crisis and the collapse of trust in Eskom, as a centralised state-owned entity to provide reliable, secure, clean and cheap electricity for the entire country.

The objectives of social ownership for the just transition are concretised in the Just Energy Transition Investment Plan (Presidency, Republic of South Africa, 2022), which allocates R1.65 billion for the piloting of social ownership projects. Social ownership here is put forward to address the extreme levels of wealth concentration and inequality in South Africa, a necessary part of achieving a just transition. This can be achieved through the "broadening ownership of productive assets" (p. 196), the traditional basis of social ownership historically.

The goals of the Just Transition Framework are both wide in scale and deep in impact. It aims for "a quality life for all South Africans" and to contribute to "decent work for all, social inclusion, and the eradication of poverty" (Presidential Climate Commission, 2022, p. 6). In order to achieve this, the just transition is premised on three pillars of justice – distributive justice, procedural justice and restorative justice. Distributive justice refers to the fair distribution of the costs and benefits of the transition. Procedural justice refers to the equitable inclusion and participation of all relevant stakeholders. And restorative justice means the repair of past harms. In its ideal form, social ownership should be able to assist in achieving all three kinds of justice – distributive justice through the economic/financial or energy access benefits, procedural justice through inclusion in decision-making and operational control, and restorative justice through redistributing ownership over productive assets which was concentrated through historical injustice.

Because of this transformative potential, the inclusion of social ownership in plans and policies for a just transition has long been called for by civil society, particularly trade unions. In 2012, the National Union of Metal Workers in South Africa (NUMSA) put forward a 'Motivation for a Socially-owned Renewable Energy Sector' (NUMSA, 2012). Here, social ownership is interpreted as "genuine public ownership and democratic control of energy" (no page). This was written as a direct critique of the Renewable Energy Independent Power Producers' Procurement Programme (REIPPPP) announced a year earlier.[1] They argue that the consequences of a "private sector-driven renewable energy sector based on a profit motive" (no page) will result in the state having to carry the risks, high tariffs for consumers, and ultimately the slowing down of the roll-out of renewables. The main beneficiaries on the other hand are financial actors and multinational corporations. Through this kind of private programme, they argue, South Africa misses out on the ways in which renewable energy can contribute to "constructing new egalitarian relations of production and exchange" (no page). In their call to action, they put forward support for renewable community energy cooperatives, democratically controlled renewable energy parastatals and municipal-owned entities, and the use of high potential renewable energy land under public and collective ownership.

Despite this focus on renewable energy, a transition to a low-carbon economy requires an economy-wide transition

[1] REIPPPP was announced in 2011 and was the first large-scale renewable energy programme in South Africa, as well as the first introduction of significant private generators of electricity. It is a competitive auction process whereby private companies bid to produce electricity using various technologies (mainly wind and solar). The selected bids then enter in 20 year contracts with Eskom who has to buy the electricity at the set price.

which addresses fundamental challenges to South African society, such as inequality. This research paper examines how models of social ownership in the economy can be used to address both wealth and income inequality in post-apartheid South Africa to support a just transition. We draw from the literature on social ownership, expert interviews, and experiences in energy, agriculture, mining and finance sectors, with a specific focus on the following ownership models: cooperatives, public entities, and trade union-led socio-economic development projects. The research findings aim to support policymaking and contribute to ongoing debates over economic restructuring and inequality.

This paper also explores the relationship between social ownership and economic restructuring, which includes policy debates about transitioning towards low-carbon economies. Economic restructuring entails discussing multiple work and livelihood options that are linked with more inclusive and ecologically sustainable economic development. This research paper on social ownership is contextualised within discourses about moving beyond fossil fuel driven market-led development models across the globe. Thus, it considers macro-economic policy frameworks and redistributive political economy dimensions as central aspects of the investigation. This includes exploring what type of capital (public and private) transfers are required for achieving positive socio-economic outcomes in social ownership models. The project draws on domestic and international experiences, especially from other regions in the global South which have more extensive experiences of social ownership.

The research design of the project is divided into the following parts. First, desktop analysis of relevant primary and secondary literature on social ownership models across the globe. This includes academic journal articles, books, civil society discussion papers, sources from international development agencies and government policy documents. The second element is empirical data collection, including interview data obtained from individual semi-structured expert interviews and four case studies. The sector-based case studies come from four provinces which were selected based on the desktop review. These case studies consider the geographic, spatial development, economic sector and demographic differences in the country. Emphasis is placed on two dimensions in the case study analysis: different types of social ownership structures and South Africa's rural-urban divide.

The research paper is guided by the following research questions. The research questions include: What constitutes social ownership? What policy lessons can be drawn from existing social ownership models in the economy and their institutional governance design? What hampers social ownership? What development measures or indicators should be used to assess different ownership models for their social benefit? How can social ownership support an economy-wide just transition? What models of social ownership could reduce poverty, wealth, and income inequality? How can state-owned entities be transformed to support social ownership? The secondary research questions are: Is it a useful concept, or should we refer to alternative ownership models? What are the different perspectives on social ownership from the private sector, government, labour, and civil society?

This paper is structured to review the literature in Section 2. Our methodology is outlined in Section 3. We describe our four case studies in Section 4. Section 5 provides an analysis of the case studies and Section 6 concludes.

2. Literature Review

This literature review traces the origins of social ownership, beginning with a definition and typology of different models of social ownership. We then discuss the history and ideology associated with social ownership in different contexts. The role of the state in different models of social ownership is discussed, followed by examples of social ownership in the global South and in South Africa. We then review how social ownership has been represented in the just transition literature in South Africa and lastly, look at the relationship between social ownership and inequality.

2.1. Political economy of social ownership

Defining social ownership

Despite the long and diverse history of social ownership, the literature on the topic is sparse. Web of Science, a platform which provides access to thousands of academic journals from 1945 to the present day, only returns 57 results on the topic. The first article published in 1953 was followed by one or two academic articles published each year until 2020, when that increased to between four and five articles per year. Similarly, Scopus (a research database) only finds 96 documents on the topic. This is potentially owing to two issues with the concept - that various terms can be used to describe a similar concept and that the topic may have been covered in non-indexed publications as it has not been a mainstream concept in academic literature. Other terms include collective ownership, communal ownership, popular ownership, public ownership, socialism, and so on. Social ownership is a concept that has been developed in various ways in different places and times. This section will first outline a definition of social ownership. It will then explore some examples of different forms of social ownership.

The common understanding of social ownership is that it represents a form of ownership which is collective (not an individual) and often has a mandate for public benefit.

But to understand social ownership, we must first understand ownership. Ownership has legal, philosophical, economic, political and ethical dimensions. Traditionally, ownership is considered to be about a relationship which people have to an object, both owners and non-owners. This relationship defines their rights to that object, for example, the rights to use, to make decisions over, to sell or transfer, to dispose of, to reap benefit from and even to destroy. However, some have highlighted that "ownership is a relationship among people that is concealed behind people's relationships to things" (Iasin, 1985, p. 49), because it is fundamentally about the relationship between those who own, and those who do not. In modern definitions, for example in the South African legal system, to own something means to have the most comprehensive set of rights someone can over an object. It includes the rights to possess, use, enjoy, exclude others, and even destroy one's property, with some limitations (Maseko, 2020).

These ownership rights are enacted with three main criteria. Firstly, one should have a title deed – some kind of legally recognised confirmation of ownership. Second, one should have operational control of the asset/entity. And third, one should have the right to access the profits or benefits stemming from the asset/entity. For example, in their analysis of different forms of ownership, Willoughby and Fignole (2023) usefully define ownership as the ability to take operational control and the right to acquire a firm's residual earnings. Cocutz (1953) similarly argues that ownership is constituted by the right and capacity to make decisions about an asset. Decision-making can be equated with control in terms of the above definition.

While Willoughby and Fignole (2023) do not provide a clear definition of *social* ownership, they list state ownership, cooperatives and non-profit organisations as different forms of social ownership. This is aligned to a recent Congress of South African Trade Unions (COSATU) research report which argued that social ownership is being widely claimed without a true understanding of the term and further argues that non-profit cooperatives, and state-owned entities can be defined as social ownership if they meet the criteria: "popular ownership, a social mandate, meaningful participation, equality and redistribution, transparency, and social accountability" (COSATU, 2023, p. 15).

A definition of social ownership is in some ways determined by what it is not – individual or private ownership. Social ownership can be characterised as ownership by the state, the society or the nation (Cocutz, 1953). How does social ownership then relate to the definition of ownership?

Firstly, the legal right to the entity/property must be allocated to a collective such as a group of people or a group of representatives such as the state. Secondly, operational control or decision-making about the entity must be made by a collective or the state. This aspect of ownership becomes slightly more complicated because who has the right to make the decision in a collective? Cocutz (1953) argues that collectives are not able to make decisions, only individuals can do so, unless there are additional rules determined about decision making as a collective such as a majority vote. Therefore, collectives require institutions and additional rules to support decision-making (such as governments, boards or workers' councils). Finally, the right to access the benefits of ownership would also require a set of agreed rules.

While Willoughby and Fignole (2023) acknowledge non-profits and state ownership as examples of social ownership, they tend to focus their analysis mostly on worker-ownership. This trend is also evident in research by Stallaerts (1994) who describes social ownership in the context of Yugoslavia (see following section). They start by describing social property as "a special form of collective property of the means of production and of other resources in such a way that they belong to the community and not to one collective, group or individual" (Stallaerts, 1994, p. 73), and mention the involvement of worker's collectives. They then describe the different phases of Yugoslavia's implementation of social ownership. However, they highlight that Yugoslavia failed to implement a radical democratic market socialism which combines "social ownership, democratic relations in the organising units and a decentralised but well coordinated system of economic and political relations" (Stallaerts, 1994, p. 75).

In a sense opposite to the argument of Willoughby and Fignole (2023), Stallaerts (1994) claims that social property is owned by everybody and nobody. Nobody is ever given an ownership title, but rather the state grants land and means of production to collectives or groups of citizens. They argue that "property receivers may use assets and create an income stream on condition that the value of assets is preserved" (p. 75). Therefore, entities do not own the asset, but they do have operational control and can benefit from the income with one condition to preserve value. Willoughby and Fignole (2023) would say that is what constitutes ownership.

Minns (1996) writes about the increased use of pensions and the dominance of pension funds in financial markets as a form of social ownership. However, he is critical of the impact this has had on the social welfare of workers due to the lack of control. In the case of large pension funds, unions have left the decision-making to the financial managers (Minns, 1996). Can it truly be termed social ownership if ownership is all that is socialised, with no control? Minns also points to an interesting trend where workers were convinced to back down from wage negotiations in exchange for increased pension contributions: "Over the last twenty years a number of governments have sought to reconcile the competing claims of capital and labour by encouraging employees to acquire ownership of capital in lieu of wage or salary increases" (Minns, 1996, p. 42). This illustrates an interesting tension between ownership, and worker benefits and rights.

The articles discussed in this section describe social ownership as a broad concept but in practice mostly refer to worker ownership of firms. However, as Minns (1996) has outlined, worker ownership does not necessarily lead to more control and decision-making which can support a more equitable economy and social welfare. This is why public ownership and cooperatives should also be understood as social ownership and may hold more opportunity for justice if they have a mandate for social benefit and more democratic participation.

Cooperatives present an example of social ownership which is broader than worker ownership and has the potential to contribute to a more just society. Cooperatives are a well-established type of organisation which has a set of principles which are laid out by the International Cooperative Alliance (no date):

- voluntary and open membership
- democratic member control
- member economic participation
- autonomy and independence
- education, training, and information
- cooperation among cooperatives
- concern for community

These principles importantly highlight an interest in public welfare through 'concern for community' and democratic member control – the two issues that were not present in worker ownership of standard firms. The French definition of a cooperative requires that each member has a vote in decision-making, regardless of the number of shares held and that the cooperative serves the interests of the members. The French Cooperatives website does not emphasise the social benefit, but it does refer to the above ICA principles which contain social benefit (*Les Enterprises Coopératives*, no date).

A key issue with the establishment of cooperatives is the upfront investment and financial sustainability (Okem, 2016). It is difficult to attract investment as a cooperative (Willoughby and Fignole, 2023), whereas with state ownership, the financing is less of a barrier as it can be allocated as part of the standard public budget process. The difficulty of attracting private investment argues in favour of a regulatory framework and appropriate public measures to support social economy players such as cooperatives.

Nonetheless, today, cooperatives remain popular in many parts of the world due to their democratic ownership and their focus on public benefit. Cooperatives are also arguably more interested in long-term benefit, rather than short-term gain. Willoughby and Fignole (2023) highlight research which has found that "worker coops have a greater resilience during the business cycle and are less prone to failure than investor-owned firms" (p. 13). The 2014 Global Cooperative census reported that there are 2.6 million cooperatives worldwide, with over 1 billion members, employing more than 12.5 million people (Dave Grace and Associates, 2014). The International Cooperative Alliance reports more than 3 million cooperatives worldwide, which employ or provide work opportunities to 280 million people - 10% of the world's employed population (International Co-operative Alliance, no date).

Overall, the preceding discussion highlights four core features of social ownership. An essential one is collective ownership structures that are markedly different form the capitalist private property rights framework. In addition, social ownership is not primarily driven by the need to secure profits and maximise returns on investments. The fundamental motive underpinning this ownership model is the pursuit of social returns and public interest outcomes. These include, but are not limited to, improving access to public goods, decreasing inequality, ameliorating ecological degradation, transforming economic structures as well as experimenting with alternative development paradigms. Another core characteristic of social ownership is democratic control in decision-making processes about the operations and governance of the organisation. This entails membership participation and bottom-up decision-making in designing, planning and implementing social ownership mandates. Finally, this form of ownership rests on the principles of coordination and solidarity in socio-economic development. The aim is to build relationships and linkages with other socially-owned institutions pursuing broader public interest, environmental and social returns goals.

Different types of social ownership

In order to better clarify this definition of social ownership, we will now outline the types of ownership which we argue should fall under the broader social ownership category based on the above criteria, as well as those forms of ownership which do not.

Table 1. Common forms of ownership

TYPE	EXPLANATION
Public ownership	The government has a majority ownership of the entity
Municipal ownership	The municipality has a majority ownership of the entity
Cooperatives	An entity which is owned and run by and for its members and the primary focus is public benefit
For-profit cooperative	An entity which is owned and run by and for its members and the primary focus is profit
Not for profit organisation	An entity established for a public purpose whose income and property are not distributable to its members or office bearers except as compensation for services rendered
Employee Share Ownership Programmes (ESOPs)	Company employees own shares in the company
Public-Private Partnerships (PPPs)	State entities share ownership with private entities
Open investment model	An entity allows for ownership by individuals
Split-ownership model	Ownership of an entity includes companies and individuals

Source: Adapted from (COSATU, 2023).

Table 1 shows the commonly known types of ownership, although it is not exhaustive. These descriptions will be used to discuss the types of ownership that may be classified as social ownership.

The first criteria of social ownership is collective ownership – which can mean that an entity is owned by a grouping of people whom it serves or that an entity is owned by a body which represents such a grouping (such as a state). The types of ownership which meet this criterion in the table are cooperatives, public ownership and municipal ownership. While Employee Share Ownership Programmes allows for representation of workers as owners, the owners are not necessarily the people whom the entity aims to serve which is a key point of collective ownership. Collective ownership is by members who are also the recipients of the entity's services.

The second feature of social ownership is the primary focus on public benefit or social returns. This is a more clear-cut aspect. The types of ownership which meet this criterion include public ownership, municipal ownership, cooperatives and not for profit organisations.

Democratic and participatory decision-making as central to governance is the third feature of social ownership. Cooperatives have a clear mandate to ensure participatory decision-making so they meet this criterion. Public and municipal ownership models should also meet this criterion, but the realities of state decision-making processes make this uncertain. This may depend on the constitution of a country and the political party in power. National government entities often lack a direct approach to participation, which can mean that elites in policymaking end up making decisions (Sebola, 2016). Local government is seen as more conducive to participatory decision-making but has also faced severe criticism in the South African context (Maphazi *et al.*, 2013).

The fourth feature of social ownership includes a commitment to solidarity and cooperation. This feature is arguably most possible in public ownership, municipal ownership, cooperatives and not-for-profit organisations as those who are profit-seeking are usually in competition.

This analysis has shown that cooperatives are arguably the clearest form of social ownership as they easily meet all four criteria. Public and municipal ownership meet the criteria but have faced criticism on their genuine ability to support democratic and participatory decision-making. Non-profit organisations meet two of the four criteria. Despite the fact that ESOPs do not meet the criteria outlined for social ownership, they are discussed in this paper due to the interest in their role in reducing exploitation of workers - understood here as the unequal distribution of economic gains, where workers receive disproportionately low compensation relative to their contribution - and redistributing wealth in the economy. It is clear that public-private partnerships, an open-investment model and a split ownership model cannot be considered social ownership.

History

Ownership over the means of production is a defining feature of different economic systems. Capitalism is defined by a relationship of labour relations, with a class who (privately) owns the means of production, and those that receive a wage for their labour. Private ownership, institutionalised with legal private property, is a defining feature of capitalism, and can be connected to the high levels of inequality across the world (Atkinson, 2018). Therefore, social (or more socialised) ownership has always been part of the socialist and communist project as it addresses one of the core tenants of capitalism. Due to its association with socialism, the concept of social ownership was used much more historically (throughout the 20th century) and had almost disappeared from the academic literature with the end of the Cold War and the advancement of neoliberalism.

However, in this preceding period, it was not understood monolithically, and different countries experimented with different kinds of social ownership.

- Social ownership in Yugoslavia

The former Yugoslavia[2] had the most well-developed theory and practice on social ownership. It formed the basis of their socio-economic system and defined the relationships of production (Maksimovic, 1983). According to the country's 1963 constitution, the "means of production should be a "common and inalienable foundation of associated labour"; and "man's labour shall be the only basis for acquiring the products of social labour and the basis for managing the social resources" (Maksimović, 1983, p. 157).

Social ownership was complementary to workers' self-management, which formed the second pillar of the Yugoslav economic system. This was arranged through the use of worker councils, the Basic Organisation of Associated Labour (BOALs). A BOAL was defined as "a workers union, in which workers fulfil directly or equally their social-, economic- and self-administering rights, and decide on issues dealing with the socio-economic situation of the organization" (Papajorgji and Alikaj, 2015, p. 47). Notably, social ownership in this context meant that "The workers' organization, not the worker personally, were awarded management-, disposal rights to the means of production in social ownership" (Papajorgji and Alikaj, 2015, p. 50).

According to Lukić (1957), the economic function of social ownership in this system was three-fold: (i) to produce enough goods, of a high enough quality, to satisfy the material needs of society; (ii) to enable every member of society to develop their capabilities; and (iii) to stimulate producers to offer the largest and most rational production. While it is recognised that there may also be other political or cultural functions, the economic argument for social ownership is central. It was considered the most efficient and rational form of production because workers are not being exploited, but working for the benefit of themselves, and also society as a whole (of which they are an indistinguishable part).

This system arose due to some of the failures attributed to centralised, nationalised and collectivised ownership (Papajorgji and Alikaj, 2015). However, this literature also grappled with some of the challenges, obstacles and contradictions of this form of economic

[2] The state of Yugoslavia was formed in 1918, becoming the Socialist Federal Republic of Yugoslavia in 1963. It was made up of six republics including Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia. The federal state started dissolving in the early 1990s with the Yugoslav wars, and each state is independent as of 2006.

structure, both theoretically and how it bore out in practice. This included how to get incentives right, how to ensure the interests of the producers align with the interests of society as a whole, how to get the pricing of goods right, issues related to interest rates, how to ensure efficient production, and how to ensure reinvestment as opposed only to worker pay-outs (Lukic, 1957; Maksimović, 1983). However, these challenges did not necessarily undermine the commitment to the principle of social ownership, as it remained central to the socialist government and movements were trying to achieve (Iasin, 1985).

Social equity was a core part of this. And yet, inequality in the former Yugoslavia was a significant concern and received quite a lot of attention in both the academic and popular media. The BOAL system was one determinant of inequality. Despite the principle of worker self-management, there was still a management body which ultimately became very powerful and a source of self-enrichment. The director of the enterprise was not only appointed by the workers themselves, but also by the local authority and was tasked with looking after the public interest. This resulted in undue political influence (Mihaljević, 2019).

Because the BOAL played such a central role in both economic and social life, a loss of a job had repercussions beyond a loss of income. For example, housing was organised through the BOAL system therefore a loss of a job could also mean a loss of one's housing (Mihaljević, 2019). Inequitable access to housing therefore remained a key source of concern.

Income inequalities also increased progressively as the country shifted away from a centralised, state-led market economy, to a more decentralised 'market socialism' together with worker self-management. Therefore, there were differences in wages between higher skilled, better educated workers than others (Vuskovic, 1976). Other dimensions of inequality included a substantial rural-urban divide, marked by differing access to education, hospitals and markets, as well as those based on ethnicity.

Despite these inequalities, it is important to place this in perspective. Inequality in the former Yugoslavia was low by current standards. In 1966, it had a Gini coefficient of 0.29 (Michal, 1973). This would place it on par with Sweden today (WHO, 2025). Income ratios, the ratio of the highest earners to the lowest earners, were estimated at 1 to 4 within enterprises, and 1 to 20 across the economy (Vuskovic, 1976). While this was considered high for a socialist state, in modern day South Africa "CEOs earn between 150 and 949 times more than the average pay of all South African workers" (Valodia and Ewinyu, 2023). Furthermore, wealth inequality as we know it today was of relatively little concern, as it was not possible to own the means of production at an industrial scale.

The inability to privately own the means of production, and the BOAL system, were both important in maintaining relatively low levels of inequality. In other former socialist states, where there was higher levels of centralised, state ownership, inequality was even lower. All of these countries saw drastic increases in inequality following the introduction of capitalist systems in the 1990s (Honkkila, 1997).

The ownership of the means of production by the state, or public ownership, was not only popular in the former socialist states. Public ownership was prevalent in many other parts of the world, in the form of nationally-owned enterprises which were prevalent in many parts of the world after the second world war (Cumbers, 2021). While this was mostly advocated for by left-wing parties (such as the United Kingdom's (UK) Labour Party), public ownership has not only been associated with socialist ideologies, or attempts to address issues associated with natural monopolies. As argued by Millward (2011), it "was often an instrument for promoting social and political unification, securing national defence and related strategic considerations, in some instances for promoting economic growth" (p. 377).

This is used to explain how public ownership was prominent even in countries without strong socialist pressures, such as the United States of America (USA) and Japan. Therefore, Millward (2011) argues, differences in geo-politics, military requirements and security concerns, technological developments, the private sector's willingness to spend and its success in particular sectors, have been more important determinants in whether governments pursue public ownership, and the resulting differences in public ownership observed between countries and sectors. However, what is common across a variety of contexts, is that public ownership has been particularly prominent in certain sectors, namely telecommunications, transport (railways and airlines), energy (coal, gas, and electricity), iron and steel; with substantially less involvement in manufacturing outside periods of war. Public ownership saw significant declines globally under the period of neoliberalism, with the privatisation of many state-owned enterprise and the decline of the public sector (Toninelli, 2000; Schmitt and Obinger, 2015). Inequality in the UK saw significant increases after Margaret Thatcher became Prime Minister and pursued a privatisation agenda, moving significant assets from the public to personal and private ownership (Atkinson, 2015).

- History of social ownership in Africa

With the development of varieties of 'African socialisms' in the 1960s, socialist principles were merged with African economic and philosophical traditions. A key component of this was the concept of communalism, which is widely argued to be a cornerstone of many African philosophies, in contrast to the individualism of the west (Ikuenobe, 2006).

Instead of viewing the individual and the community as separate entities, this perspective recognises that they are mutually supportive. Individuals are expected to contribute to the broader community, which in turn enhances their own well-being (Ikuenobe, 2018). Kwame Nkrumah made the link between communalism and socialism. He argued that "In socialism, the principles underlying communalism are given expression in modern circumstances… it is a form of social organisation that, guided by the principles underlying communalism, adopts procedures and measures made necessary by demographic and technological developments" (Nkurumah, 1967). Leopold Senghor also made the connection between communalism and socialism in Africa, arguing that because of Africa's long history of communalism, socialism in fact came more 'naturally' to African societies (Senghor, 1998).

As with other varieties of socialism, ownership over the means of production remained central. For example, the Arusha Declaration, the Tanganyika African National Union's (TANU)[3] Policy on Socialism and Self Reliance, highlights the importance of social ownership: "To Build and maintain socialism it is essential that all the major means of production and exchange in the nation are controlled and owned by the peasants through the machinery of their Government and their co-operatives" (Nyerere, 1967, p. 3).

However, the declaration also clarifies that "A state is not socialist simply because its means of production and exchange are controlled or owned by the government, either wholly or in large part. If a country to be socialist, it is essential that its government is chosen and led by the peasants and workers themselves." (Nyerere, 1967, p. 4). In doing so, the relationship between socialism, social ownership and democracy is demonstrated.

Ownership of land as the main means of production was a key point of contestation and principle. Julius Nyerere argued that land must return to being recognised as belonging to the community: "And in rejecting the capitalist attitude of mind which colonialism brought into Africa, we must reject also the capitalist methods which go with it. One of these is the individual ownership of land. To us in Africa land was always recognized as belonging to the community" (Nyerere, 1987, p. 7). Later he states that "Unconditional, or 'freehold', ownership of land (which leads to speculation and parasitism) must be abolished" (p. 8). In this context, African conceptions of social ownership include peasants and land, whereas Western views focus on workers and production.

- The history of cooperatives

As illustrated above, various forms of African socialism did not advocate solely for state ownership, but also included cooperatives. Forms of cooperative work have been around in many parts of the world for centuries, including work sharing schemes, burial societies, collective savings, collective management of grazing lands, etc. which were all found in various parts of pre-colonial Africa and continue to this day (Okem and Stanton, 2016). The mainstream model of cooperatives, however, is generally traced back to the mid-19th century in England with the formation of the Rochdale Society of Equitable Pioneers. This was a society formed specifically in response to the exploitative nature of work and capitalism under the industrial revolution. Therefore "the cooperative model of economic organisation was seen as the only viable means to protect the collective interests of the poor and vulnerable" (Okem and Stanton, 2016, p. 17). The Rochdale Pioneers established the Rochdale

[3] TANU was the foremost liberation party of the former Tanganyika (now Tanzania). It was formed in 1954 by Julius Nyerere who later become the first President of independent Tanzania.

Principles which formed the basis of the modern cooperative principles put forward by the International Cooperative Alliance (International Co-operative Alliance, 2017).

During the colonial period, the European model of cooperatives was introduced into Africa, although with variations depending on the colonising country. Rather than a system or movement based on the interests of the local community,

> "*Cooperatives and the cooperative sector as a whole were treated as instruments for propagating public economic and social policy. In the same vein, members joined cooperatives as matter of public policy rather than the result of voluntary individual motivation. Members belonged to a cooperative either to avoid problems with colonial authorities or to get access to certain services like marketing their produce through the only available channel. They did not regard themselves as the owners of the cooperatives. Consequently, the seeds for a system of cooperatives without co-operators were sown.*" (Develtere, Pollet and Wanyama, 2008, p. 11)

Nonetheless, this model of co-operatives persisted in post-colonial states and were often strongly supported, subject to both significant state funding, as well as state oversight and direction (Okem and Stanton, 2016). However, following the imposition of structural adjustment programmes and the broader liberalisation of the 1990s, there was a withdrawal of state funding support to cooperatives which resulted in many collapsing. Nonetheless, the cooperative movement as a whole survived. Wanyama et al. (2009) argue that this was a positive development for the cooperative movement more broadly as it ensured that the cooperatives became more about the needs and desires of the members.

Role of the state

The history of social ownership has always been shaped by macro factors within political economy contexts. In many of the historical examples discussed above, social ownership formed a fundamental part of how the state organised a country's production, resources and labour. Today, social ownership models often occur, or are promoted, as smaller-scale supplements to more dominant private ownership.

As such, state, market and society power relations throughout history determined how social ownership models were formulated and designed (Williams, 2014). Thus, it is important to discuss how the intersecting and mutually constitutive relationship between the above-mentioned institutions develops in various social ownership models. We specifically draw attention to the state's role here, with the aim of addressing two essential questions related to social ownership: what is the state's role in the economy? What is the nature of state and society relations? We describe three versions of state involvement in social ownership based on existing literature and then discuss international examples which provide useful lessons for the role of the state in social ownership.

The first paradigm on the state and social ownership highlights the necessity of creating a conducive regulatory environment, which allows organisations with a social mandate to operate autonomously in a country's socio-economic institutions. These organisations, popularly referred to as the third sector, include non-profit organisations, self-help groups, mutual aid societies, cooperatives, and corporate social responsibility institutions.

All these organisations primarily aim to alleviate the negative socio-economic effects produced in the market-based capitalist economy. These include, but are not limited to, poverty, intersectional inequality, unemployment, market exclusion, and unequal access to public goods. The state's role in this context facilitates "greater community responsibility for its own welfare, thereby allowing the state to retreat from providing social services" (Williams, 2014, p. 48). Additionally, there is no expectation for employing state power to fundamentally alter or transform capitalist market relations. Social ownership in this context remedies market imperfections, without requiring increased state interventions that restructure economies so they produce more beneficial social outcomes. This paradigm in social ownership models supports the minimal regulatory state role prescribed in neoliberal policy orthodoxy.

A second perspective on the state's role in social ownership models challenges neoliberal orthodoxy to some extent. It supports social ownership while advocating for the transformation of economic structures through state policy tools. These tools include public ownership, state-coordinated industrial policies, comprehensive competition regulations, public procurement strategies, and oversight of financial capital deployment. This approach utilises state policies to develop and support social ownership models, thereby altering resource allocation, investment patterns, ownership structures, and market dynamics. Twentieth century social democratic and developmental states epitomise this perspective e.g. Norway, and South Korea (Chang, 2006). Cooperatives, public enterprises and shared ownership (employee or community) organisations featured prominently in these societies. These social ownership models were crucial institutions in the states' long-term economic restructuring strategies. A distinguishing feature in the examples cited above is the attempt to shape the make-up of markets and economic institutions. Furthermore, the state's central role in providing public goods, welfare and advancing socio-economic redistribution is maintained alongside interventions from socially-owned organisations.

The third view on the relationship between social ownership and states' roles in development strategy is more transformative. It advances a case for using both social ownership and state policy levers to establish alternative development models. Market-led political economy orthodoxy is challenged based on several shortcomings: persistent socio-economic inequality, ecological destruction, intersectional disparities, global economic imbalances as well as minimal democratic control in the economy. This perspective is grounded in historical socialist perspectives on social ownership. The political economy principles underlying this perspective have produced various models, which fall within a broad socialist tradition (Ferrero, 2004). These 'revolutionary blueprints' include the free labour and socialist commune experiments, worker-controlled cooperatives or companies, anarchist socialist ownership alternatives, nationalising means of production, socialising intergenerational wealth as well as ending private property (Ferrero, 2004: 4-7). There are four main concerns in all these classical socialist models: (i) the role and freedom of labour in society, (ii) wealth and income distribution, (iii) public access to property and land, and (iv) the state's role and social ownership.

Contemporary anti-capitalist social ownership builds on some elements of this classic tradition. Yet, it is equally influenced by non-Eurocentric socialist contributions from the global South. Ideological interventions and practices from African, South American and Asian contexts have contributed immensely to modern social ownership models (Dinerstein, 2014; Dintz et al, 2020; FBES, 2006). A major contribution is relating social ownership to questions about indigenous community rights, transforming global economic imbalances, racial redress as well as decolonising knowledge systems. These models are positioned within the context of developing anti-capitalist socio-economic principles, with an emphasis on core themes such as work, economic value, ownership, ecological sustainability, and development indicators (Wainwright, 2014). Consequently, the state's role in this context is supporting diverse social ownership structures, which present transformative alternatives to market-led development strategies. This support can take several forms and is not limited to creating a conducive policy or legislative environment. It is aimed at reorganising production, finance and consumption patterns across the economy and society. For example, successful social ownership models based on heterodox solidarity economy principles (especially in the global South) have benefitted from state interventions that prioritise human needs over profit, decreasing concentration in economies, equal access to public goods and eradicating intersectional inequalities (Jara, 2018).

However, it is important to note that this perspective is not inherently state centric or statist. It acknowledges the centrality of transformative state intervention while equally advocating for democratic control over production, distribution, exchange and labour. This entails direct community ownership, member participation, and bottom-up decision-making in these organisations. In other words, state support must facilitate economic democracy in all areas of development in the transition towards alternative economies. There are various approaches cited in the literature on how this democratic control takes shape within the daily practices of these social ownership organisations (FBES, 2006; Wright, 2021). Governance practice successes or failures are impacted significantly by the state creating suitable policy and legislative conditions.

There are several lessons to be gleaned from this brief overview on the state and international experiences. The first is the overall context of macro-economic policy choices and how these impact states' roles in social ownership models. Development paradigms and priorities shape how the state engages with forms of social ownership, especially in the public policy and regulatory support areas. Thus, it is essential to always connect the state and social ownership discussions with broader political economy trends. A significant factor is the extent to which social ownership complements or challenges the logic underpinning existing economic structures.

A second lesson relates to the design of governance systems in different social ownership models. There is a contrast between the statist and non-statist form of social ownership. The former is established and designed through state-led planning and normally operates on a macro-level. It is anchored around policy priorities set out by the state in its national development plans, which are formulated through elite policy-making processes. Non-statist approaches are initiated by communities, non-governmental organisations, labour organisations, religious formations and other types of local structures organising at subnational levels. The policy and political priorities are driven by the interests of these organisations and challenge existing state development paradigms in some cases. Popular, decentralised, participatory and democratic decision-making is essential for the success of the non-statist approach.

Thirdly, political context matters because it determines the society and state relations when implementing social ownership models. The nature of a country's political economy regime should be emphasised in social ownership analyses. Transformative models emerge and develop in contexts where democracy is extended to social, political and economic institutions. This is equally essential for addressing multiple layers of socio-economic demands and inequality, which include race, class, gender and cultural advocacy.

2.3. Social ownership in the global South and South Africa

2.3.1 Global South

Global South social ownership experiences are best understood within two settings: 20th century post-colonial development debates and contemporary perspectives on economic alternatives. The former drew from experiences of newly independent states (especially in Africa and Asia) while the latter captures contemporary anti-neoliberal experiments. Several post-colonial states grappled with diverse options on how to organise the economy differently, with the aim of obliterating or ameliorating imperial economic legacies (Rodney, 1972; Amin, 1987). Social ownership features prominently within anti-colonial socialist tradition debates, which argued that imperialism and global capitalism were intertwined. These accounts combined political liberation with advocacy for fundamentally restructuring the economy. Alternative ownership included public enterprises, nationalisation, social ownership as well as private-public co-ownership models in some cases. In addition, some countries proposed combining state ownership with decentralised participatory ownership structures.

A classic example is the Tanzanian Ujamaa village model, "which looks towards the social organisation of peasants[4] and seeks to revive and perpetuate the collective principle of production and the egalitarian nature of distribution which characterised communalism" (Rodney, 1972, p. 62). The primary objectives, articulated in the Arusha Declaration (1967), were to end the exploitation, extractivism, inequality, dependency, and appropriation associated with imperial economic domination. Debates about the successes and shortcomings of this model are explored elsewhere in discussions about 20th century socialist experiences in Africa (Mkhandawire, 1995; Nabudere, 2013). The most important thing to note is that social ownership was a part of broader attempts aimed at transforming colonial economic power relations. Thus, it was measured against its ability to transform underdevelopment in African countries while pursuing improved human development.

Nabudere (2013) highlights similar examples from the Ugandan context, citing historic case studies of local level agrarian social ownership structures. He argues that these models are based on circular economy principles, and challenge neo-colonial control within the global agro-food system. These examples, such as the Popular Kumi Women Initiative (PKWI) Community Initiative, have used indigenous knowledge, African communalism principles and cultural practices in designing non-capitalist agro-food systems for decades. According to Nabudere (2013), this organisation has been "upholding and emancipating a heritage enshrined in their indigenous knowledge systems, which were attacked by the colonial regime, but which they have been striving to recover and restore in their renewed attempt to create a new local 'green' circular economy" (p. 11). This adds another dimension to social ownership debates: the significance of indigenous knowledge and cultural practices in global South models. In other words, social ownership has equally been shaped by sociological factors and emancipatory collective agency, which aimed to preserve and adapt pre-colonial knowledge systems in designing alternative economic structures. This knowledge presents several ideas on how to approach development differently, especially in crucial areas such as ownership, labour, nature and gender (Shiva, 1988; Mance, 2014).

Similarly, historic social ownership models in other global South regions like South America sought to address colonial legacies. Menace (2014) traces Brazil's solidarity economy to resistance against slavery, imperialism and military-led authoritarian rule throughout different historical epochs. He illuminates the agentic solidarity economy practices of natives as well as 'runaway slave communities' that emerged from the 17th century onwards. These communities were set up as enclaves for resistance and developed some of the foundational solidarity economic principles in Brazil. Some core values include the following: (i) ecological sustainability, (ii) resistance against economic exploitation and domination, (iii) reciprocity and redistribution, (iv) participatory democracy, and (v) societal renewal through intercultural dialogue. These principles were applied in 19th and 20th century social

[4] The term peasants here would generally refer to people who live in rural areas and whose main form of livelihood is small-scale agriculture, mainly grown for subsistence purposes (although the exact definition remains contested).

ownership models such as cooperatives, community-based enterprises, worker-controlled factories and local public good organisations (Menace, 2014).

Diniz et al. (2020) point out that Brazilian models highlight the plurality of economic activity in the global South. They suggest that capitalism has never developed in a linear fashion in colonial and post-colonial settings. It is, therefore, essential to trace the emergence of alternative economies such as the solidarity economy to the multiplicity of livelihood and economic development practices (Diniz et al. 2020:327). These practices co-exist with and often challenge neo-liberal capitalism in significant yet differentiated ways. An important contemporary example is the Brazilian context is the *Movimento dos Trabalhadores Rurais Sem Terra* (MST). This landless rural workers' organisation was formed during the 1980s, and has subsequently developed into one of the world's largest agrarian movements. It advocates for radical land reform, restructuring Brazil's agrarian structure, introducing social ownership, ecological sustainability, decommodified food systems and democratic control over development decision-making. The Brazilian state (under the Workers' Party administration) has introduced some favourable policy measures to facilitate the MST's participatory governance social ownership model (Bennie, 2021). This forms part of an overall solidarity economy institutional and policy support infrastructure set up by Brazil's government since the early 2000s (FBE, 2006).

The Asian region has also contributed towards social ownership experiences in the global South. For example, India has a rich history of social and solidarity economy practices, especially within the state of Kerala (Shiva, 2015). This state is lauded in most 20th and 21st century socio-economic literature because of its high human development levels (Heller, 1999; Sen, 2000). These development successes occurred within an environment characterised by low growth and redistributive socio-economic policies, which challenged neo-liberal policy prescripts (Sen, 2000; Williams, 2008). Kerala's 20th century model had several social ownership underpinnings, with an emphasis on agrarian and social policy reforms in early stages. This approach was applied to industrial and broader economic restructuring policy strategies from the 1980s onwards. These achievements are attributed to the democratic socialist model implemented since the Communist Party of India (CPI) gained power in the post-colonial period (1957) (Williams, 2008). Williams (2008) highlights that "Indeed, under the organizational impetus of the Communist Party, subaltern mobilization and hegemonic state institutions have combined to yield high levels of human and social development" (p. 36).

Social ownership and democratic socialist principles still play a significant role in the contemporary era. For example, India's Communist Party has introduced programmes such as the Brahmagiri Development Society (BDS) to provide alternative forms of agrarian production in Kerala, with the aim of supporting small scale farmers and rural households. These farmers and households experienced food insecurity and income loss after successive national governments introduced neo-liberal policy reforms in the agricultural sector. This BDS policy initiative is organised around social ownership (cooperatives, etc.), prioritising social returns over profit, decentralised localised food systems and gender equality. Several reports on the BDS socio-economic impact in Kerala illustrate positive results for household income, food security, participatory decision-making and overall community human development (Alit and Sarma, 2021).

2.3.2 Social Ownership in South Africa

Cooperatives

South Africa has seen a concerted effort to develop cooperatives in order to boost local economic development and broader participation in the economy. However, these efforts have not been particularly successful (Okem, 2016). In 2004, two policies were implemented to support cooperative development. One involved the principles for operation of cooperatives and another provided financial and other incentives for their set up. In 2010, the Department of Trade and Industry reported that most cooperatives set up had failed due to a lack of understanding of how cooperatives work, dependence on donors and a lack of business opportunities as well as marketing skills (Okem, 2016). South Africa's cooperative challenges should be discussed within a context that appreciates several macro-economic structural features. Firstly, a finance-led Minerals-Energy-Complex structural development trajectory since the 1990s has led to deindustrialisation and limited industrial diversification in South Africa's economic base (Hausmann, 2008; Bond, 2008; Ashman, Mohamed and Newman, 2013). Secondly, financial liberalisation, withdrawal of state support and decreased regulation have limited competition, concentrated markets and large firm dominance in all sectors (Makhaya and Roberts, 2013; Ashman, Mohamed and Newman, 2013; MISTRA, 2015). Thirdly, unequal spatial development between different regions of the country, particularly in urban areas and persistent intersectional income, employment and wealth inequalities have contributed to these challenges (NPC, 2023).

All these macro structural features have hampered the development of cooperatives in post-apartheid South Africa. The successful 20th century cooperative models, especially in agriculture, operated in a different macro-economic structural context. State-led developmentalism was central in establishing and supporting these cooperatives (Magubane, 1979; O'Meara, 1983). This development strategy included subsidies, access to cheap loans, technological upgrading support, protectionist trade policies, import substitution, as well as various price control measures (Terreblanche, 2012; Makhaya and Roberts, 2013). The transition to democracy coincided with an increased shift to market-based neoliberalism that commenced in the early 1980s. This culminated in the production of the structural features mentioned above, which contributed significantly to cooperative failures in South Africa. Nonetheless, interest in forming cooperatives continues to expand with estimates suggesting that there are over 40 000 registered cooperatives (Rena, 2017).

There are different models of cooperatives across several sectors. These examples include, but are not limited to, worker, consumer, producer, finance and non-governmental social sector cooperatives.

Kate Philip's (2018) publication on the National Union of Mineworkers' (NUM) cooperatives, which operated in the late 1980s and early 1990s, discusses additional insights into social ownership model challenges. She cites labour over-supply at the embryonic stages as a major shortcoming in cooperative operational structures. This prevents these organisations from directing income or investments towards more immediate operational needs in the early period (Philip, 2018). Furthermore, Philip (2018) points to failures in conducting adequate product/goods market feasibility studies. She alludes to examples of cooperatives choosing goods or services that are not aligned with demand trends in markets. This argument extends to overlooking critical social infrastructure and natural resource shortages that impact cooperatives negatively in local municipalities (Philip, 2018).

An additional theme discussed extensively in her analyses is weak governance and its associated management challenges. This specifically applies to the social ownership democratic control principle that encourages cooperative membership participation in all decision-making. Drawing from the NUM case study evidence, Philip (2018) suggests that it is not practical to achieve this foundational principle based on the following reasons: inadequate management skills, inefficiencies, conflict and contested views on roles as well as authority in cooperatives. Her views are succinctly summarised in the following statement:

> *"The terrible truth seems to be that direct democracy in production has to be mediated, transformed and institutionalised into indirect democracy if the co-op is to survive and thrive. Complex as it seems, variations on this formula have worked in many developed country producer co-ops, including in Mondragon and Italy's Lega, where, although a range of mechanisms for member participation exist, member control is ring fenced to the Annual General Meeting"* (Philip, 2018, p. 74).

Examples from other parts of the global South have shown more promising outcomes, in the context of the solidarity, social and socialist economy development paradigm alternatives. For example, in the Brazilian context, social ownership is built around community demands such as socio-economic redistribution, addressing disparities in accessing public goods, ecological restoration, racial redress and stopping dispossession of commons such as land. Cooperatives, worker-controlled companies and other social ownership types are not primarily formed to fulfil market demands or signals. Thus, it is imperative to assess them using a social needs framework and not just meeting market-based efficiency targets (Esteves, 2014; Diniz, et al. 2020). Another insight from this literature is the experimentation with diverse participatory and democratic governance structures. These include the following examples in socially-owned entities: local assemblies, worker-controlled factory councils, cooperative committees, economic sector coordinating structures and solidarity economy forums (Bennie, 2021; Wright, 2021; Ruggeri, 2022). These structures introduced innovative participatory decision-making practices, which facilitate democratic control without impeding positive socio-economic outcomes. In these cases, membership participation is not 'ring- fenced to the AGM' as suggested by Philip. Rather, it is developed to meet social returns and public interest needs through creating continuous opportunities for peer learning, collaboration, skills development, resource sharing, and joint economic development planning.

Employee Share Ownership Programmes

Employee Share Ownership Programmes (ESOPs) allow workers to buy shares in companies as part of Broad-Based Black Economic Empowerment (B-BBEE) deals, Competition Act policy measures and businesses voluntary attempts to promote 'good corporate governance' measures. According to the Worker Share Ownership Report (Department of Trade, Industry and Competition, 2024), close to 550 000 workers had participated in Employee Share Ownership Programmes (ESOPs) by 2024. The total dividends paid to these employees in the last financial year amounted to R3.3 billion within four main sectors: mining (31%), food and beverages (21%), retail (14.5%) and finance (1.3%). This report further states that the overall share value across these sectors is R73 billion. Some of the main annual company case study dividend pay-outs for individual workers include R20 000 for Coca-Cola Beverages South Africa, R11 000 for Impala Platinum Holdings Ltd, R2500 for Shoprite Employee Trust and R1473 for PepsiCo: Bašumi Trust.

One prominent case study has dominated ESOP debates in post-apartheid South Africa: The Kumba Iron Ore Envision ESOP that ran from 2006-2011 during the first phase. The scheme paid out approximately half a million rand in dividends (before tax) to each of their employees. Yet, the workers initiated a strike a year after this extraordinary dividend pay-out based on several grievances (Bezuidenhout, Bischoff and Mashayamombe, 2020). These workers argued that the tax implications were not adequately explained to them. Furthermore, this ESOP was exclusionary because it only covered permanent Kumba employees and not workers in atypical employment contracts. Another contentious issue was the workers' limited comprehension of how the deal was structured and financed. These ESOPs are mainly financed through third party or internal company special purpose vehicles loans. This debt has huge implications for worker dividend pay-outs because these commercial loans must be settled first before employees receive money. In addition, company share price fluctuations determine the amount received when dividends are paid out.

Overall, this brief case study description highlights several shortcomings with ESOPs. Firstly, there is minimal worker control or democratic decision-making in the operations of the companies. Share ownership does not automatically strengthen workers participation in governance, production and business strategy choices. This is salient because it constrains potential for pushing companies to contribute towards broader economic restructuring through different value chain and procurement choices. Secondly, most ESOPs are structured around financial instruments (commercial loans) and performance indicators (share price movements) that limit potential for meaningful dividend returns for workers. These financial indicators can equally be used to deter workers from engaging in industrial action or challenging company policies publicly. Thirdly, these programmes often sustain and overlook the labour market inequality within companies. Employees are segmented on the basis of employment contracts, occupational designation, skills, race and gender. The Kumba case illustrates how ESOPS can exclude certain categories of workers, and the Presidency Worker Share Ownership Report 2024 does not provide a detailed description of employee beneficiaries (except for gender). This experience also illustrates why ESOPs should not necessarily be defined as social ownership.

Public Ownership

The democratic government inherited hundreds of publicly owned companies – known as state-owned entities (SOEs) - from the apartheid government. During apartheid, SOEs were "used to expand the white Afrikaner middle class through affirmative action, build businesses through favourable procurement, provide jobs for the unemployed and rollout infrastructure in white areas" (Gumede, 2016, p. 69). Towards the end of apartheid, a process of privatisation and corporatisation was started to address debt, inefficiencies and the effects of sanctions.

Public ownership was part of the liberation agenda from early on, with the call for nationalisation of key industries included in the Freedom Charter[5]. This also formed part of the ANC's early policy doctrine. However, this quickly changed after 1994.

SOEs became a major site of political and economic contestations between different factions of the state, business, and trade unions in the post-apartheid era, with further influence from international agencies like the World Bank (Gumede, 2016). In the age of rampant neoliberalism, a white business class withholding local investment, enormous amounts of inherited debt, and a Black population previously excluded from public services and infrastructure, the new government faced pressures to privatise its SOEs. It was argued that in addition to helping pay off debt, and provide funds for new redistributive policy, it would allow for the creation of a black business class (Gumede, 2016).

This push for privatisation came under immense resistance and critique from the union movement and parts of civil society, particularly for those responsible for public services. Nonetheless, the first decade of democracy saw a new framework for restructuring of SOEs which resulted in many being privatised, corporatised and some essential services being outsourced at the local level. In many cases, these was unsuccessful, with the companies

[5] "The mineral wealth beneath the soil, the Banks and monopoly industry shall be transferred to the ownership of the people as a whole" ('Freedom Charter', 1955).

being liquidated, or resulting in such high tariff increases that many people could no longer afford the services. Gumede (2016) argues that rather than creating competitive companies, privatisation resulted in inefficient and unregulated monopolies, many of which required state bail-outs after collapsing.

These contestations around SOEs continue to today. There are still many SOEs in South Africa. In 2019, the biggest in terms of assets were Eskom, Sanral and Transnet, while the largest in terms of employees were Transnet, Eskom, the Post Office, Prasa and Telkom (Makgetla, 2020). In the last decade or so, SOEs have suffered huge declines with many reporting year-on-year losses. This has been attributed to the severe impacts of the economic slowdown and slump in the metal price, leaving these entities with large debt servicing costs on investments made during the boom (Makgetla, 2020). This has been worsened by corruption, mismanagement, and poor oversight.

Despite their ongoing woes, these SOEs continue to play a key part of the South African economy as they "provide inputs that are crucial for national growth and job creation" (Makgetla, 2020, p. 1) and form an essential part of the industrial economy "as they preside over strategic sectors and fundamental technical capabilities accumulated through decades" (Mazzucato and Gasperin, 2023, p. 5).

Since the 2024 election, SOEs have entered a new era. The Department of Public Enterprises, where many were previously housed, has been dissolved. The SOEs that were previously under its mandate have been shifted to their relevant ministries e.g. Eskom went to the Department of Electricity and Energy and Transnet to the Department of Transport (Presidency, 2024). There is also a new National State Enterprises Bill, under the responsibility of the new Minister for Planning, Monitoring and Evaluation, which will bring many of the SOEs under a single holding company, the State Asset Management State Owned Company (Minister of Public Enterprises, 2024).

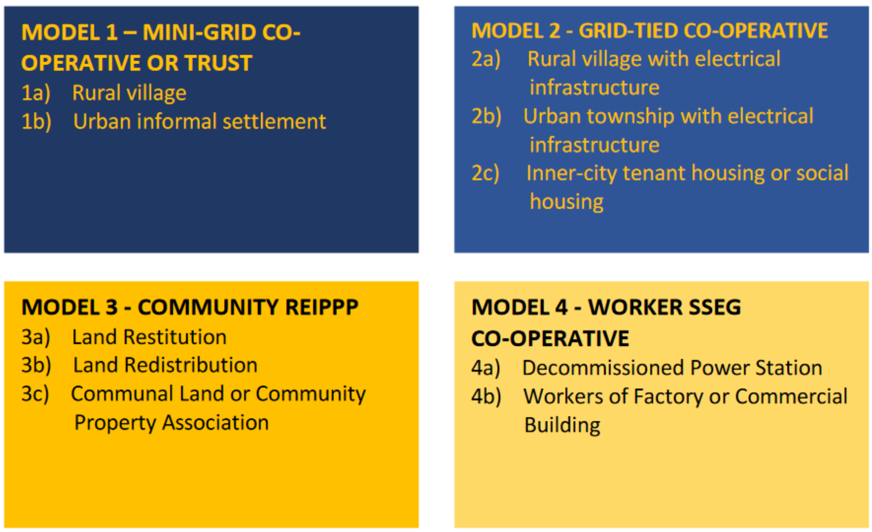
2.3. Social ownership and the just transition

As outlined in the introduction, social ownership has come to the fore in the context of the just transition in South Africa, as one means of ensuring distributive, participatory and restorative justice. This has led to a burgeoning literature examining existing and potential models for social ownership in South Africa, but mostly restricted to the renewable energy sector. In a report commissioned by the Presidential Climate Commission titled 'Social Ownership Models in the Energy Transition' (Brennan *et al.*, 2024), the authors present global and local literatures on socially owned renewable energy, diverse stakeholder perspectives, an analysis of existing models in South Africa, and a work programme to take forward some of these proposals. Brennen at al. (2024) define social ownership as "'pro-poor and pro-people programmes based on human need" (xii). With this, they identify numerous existing examples in the South African context. These range from community ownership as part of

REIPPPP projects, crowdsourced private investments, Eskom mini-grid projects, cooperatives selling to the municipality through feed-in tariffs, and numerous other mini-grids facilitated by NGOs, donors, and research institutes. In many of these cases, significant obstacles were identified which pose a threat to the viability of the projects. First and foremost was the lack of community buy-in, which was linked to vandalism and theft, poor maintenance, as well as issues of non-payment. They also identified regulatory barriers which prevented projects from being grid-tied or from receiving a feed-in tariff from the local municipality for electricity sold back to the grid. The loss of municipal revenue associated with these kinds of models remains a key concern for municipalities and municipal workers unions, which also resulted in a lack of buy-in from the relevant municipalities.

Cases of success were predicated on buy-in from communities, as well as a substantive role of intermediary facilitators, such as research institutes and NGOs. This importance of intermediaries has also been found in other global South contexts, such as Indonesia (Guerreiro and Botetzagias, 2018). From their analysis, Brennen et al. (2024) propose four models for socially owned renewables in South Africa, illustrated in figure (1).

Figure 1. Models of socially owned renewables for a South African context



Source: Brennen et al. (2024), 'Social Ownership Models in the Energy Transition' Presidential Climate Commission.

A feasibility study on 'Community-Led Socially Owned Renewable Energy Development' conducted by Sustainable Energy Africa (2022) examined many of the same examples as Brennen et al. (2024), and conducted a study on energy use and access in low-income households. They concluded that off-grid systems were a temporary solution until households could be grid connected. Rooftop solar was not a viable option due to financial constraints and low demand in households during the daytime. Ultimately, they argue that grid-connected electricity purchased from the municipality remains preferable. It is cheapest, and the grid enables municipalities to cross-subsidies between wealthier and poorer households. In addition, they propose a system of wheeling,[6] whereby an independent power producer, producers the electricity for a nearby community and distributes it using the municipal grid.

Many of these examples are community-led, rather than community-owned, or simply represent small-scale alternatives to electricity provided by the state, that serve the size of a 'community'. Jacob and Swilling (2023) also highlight numerous examples of alternative energy systems which, rather than necessarily constituting social ownership for a just transition, are 'bottom up' responses to the energy crisis. Given that they are occurring in parallel, it is often hard to disaggregate responses to the energy crisis, from those occurring due to the transition.

In many of these reports, social ownership covers almost the full range of ownership models. For example, the Just Energy Transition Investment Plan lists "state ownership at different levels (for example, municipalities), employee ownership, co-operative ownership, citizen ownership of equity in private companies or vehicles, individual ownership, and collective ownership (and management)" (Presidency, Republic of South Africa, 2022, p. 196). Brennan et al. (2024) include a similar list, but exclude individual ownership. While the breadth of the term is able to include many different alternative models being piloted in the renewable energy space, there is also a risk that it becomes an all-encompassing term which dilutes its meaning, even including private ownership within it which would fundamentally contradict a common understanding of social ownership.

Community ownership of renewable energy is one model of ownership that has received significant attention and high rates of participation in Europe. For example, REScoop (2024), a federation of 2500 'energy communities', has 1.5 million members across Europe. While these are often held up as exemplars of socially owned renewable energy and international best practice, others have cautioned against this and questioned its overarching success. Sweeney et al. (2020) track the rise and subsequent fall of community energy in Europe. They argue that community energy was only able to proliferate due to the massive subsidies provided to these projects, mainly through the feed-in tariff system. This resulted in substantial new costs to energy production and technical challenges for managing the grid, which ultimately passed on to consumers through increased tariffs. Once these subsidies were dropped, as part of a broader liberalisation of the energy market, these models were expected to compete as 'market actors' with large commercial interests. This has resulted in a stagnation and even drop in community energy initiatives across various

[6] Wheeling is "the delivery of energy from a generator to an end-user located in another area through the use of an existing distribution or transmission networks" (Eskom, 2022, p. 1). However, in effect it is a more a financial transaction as it is not the exact same electrons that are transmitted, but rather the electricity produced forms part of the entire grid, but is then deducted from the costs to the consumer on the other end.

countries. These authors rather advocate for a “non-market, public goods approach” (Sweeney, Treat and Shen, 2020, p. 16) which involves reclaiming public ownership and shifting away from a profit-centred model.

The authors question whether community energy can meet all the hopes placed on it – “meeting ambitious climate targets, promoting democracy, redistributing wealth and power, and helping redress historical injustices” (Sweeney, Treat and Shen, 2020, p. 13). They argue that it is the liberalisation, marketisation and privatisation of the system itself that not only resulted in the downfall of community energy, but has also inhibited the expansion of renewable energy at a much more rapid pace. South Africa is heading in a similar direction with the liberalisation and increased private sector participation in the energy sector. While this may make some space for worker or community-owned cooperatives to participate by removing some regulatory hurdles, the state will still have to play a significant role to ensure that it is not only large commercial actors who win in this process.

Many of these models remain on the margins of energy systems, in South Africa, and other parts of the world. One study on ‘citizen-led’ energy in Europe found 10 540 initiatives, with involvement of more than 2 million people. And yet, these projects had, in total, installed capacities of 7.2 – 9.9 GW, which at most represented 5% of installed capacity in any one country (Schwanitz *et al.*, 2023).

While public ownership is included in some definitions, generally this literature has focused on smaller scale initiatives. These are nonetheless diverse in type, and includes numerous terms and concepts - community ownership, community-led, citizen-led, etc. In many examples, there is still limited ‘ownership’ of the renewable energy technologies themselves. In all these cases there are significant technical, financial, economic, social and regulatory barriers inhibiting their success. Even so, many stakeholders are hopeful that with the right support systems, social ownership still has transformative potential (Brennan *et al.*, 2024).

As illustrated above, social ownership within the just transition has almost exclusively been applied to the renewable energy sector. The concept of the just transition has been used to discuss the transformation of the economy as a whole, and been applied in other sectors, for example in agriculture and transport (COSATU, 2022). However, the element of social ownership has not been explored with these varying contexts. The underlying objectives of deconcentrating wealth and ownership over the means of production mean that it can be applied much more broadly, in order to achieve an economy-wide just transition. This is explored with the case studies below, which illustrate models of social ownership in four different sectors.

3. Methodology

The empirical data was obtained from semi-structured individual interviews, site visits and focus groups. Interviews were conducted with six policy experts who have conducted research on different social ownership models. Site visits, interviews and focus groups were conducted with members of the entities we identified as case studies. We had planned to run focus groups at each site visit but in some cases there were not enough members present so we chose to run individual interviews instead.

We used purposive sampling methods in order to draw from the lived experiences and knowledge of participants. The sector-based case studies were selected from four provinces based on the overall research approach and desktop review findings. These case studies consider the geographic, spatial development, economic sector and demographic differences in the country. Emphasis is placed on four dimensions in the case study analysis: different types of social ownership structures, governance, public benefit, barriers as well as the state's role.

Case study 1 included a site visit and tour by the engineer who built the system, and interviews with a manager of the system and a community member involved in construction. Case study 2 involved site visits to the two described cooperatives and focus groups with 3-5 members of the cooperatives. Case Study 3 involved an interview with a worker representative involved in the Non-Profit entity. Case Study 4 included an interview with a member of the finance cooperative's board. There were some constraints on time which limited our ability to conduct as many interviews and focus groups as planned, particularly for Case Study 3 and 4. However, the depth of the interviews and focus groups allowed for rich insights into the different types of social ownership models as will be described in Section 4. In total, ten interviews, four site visits and three focus groups were conducted.

4. Social ownership and inequality

The literature review has defined social ownership, discussed different models and outlined the history of the concept and its application in different regions. Some of this has provided clues to why social ownership can be seen as an option to reduce inequality in society. In this section, we combine the findings from the literature review with insights from expert interviews and the case studies to clearly conceptualise how social ownership can reduce inequality.

4.1. Shared ownership supports redistribution and reduces the concentration of wealth

There is a clear link between social ownership and inequality as social ownership refers to a form of collective ownership which is inherently redistributive. Inequality exists in various forms, and income inequality is commonly discussed in relation to inequality – this can be linked to education, gender, race and class which produce inequality in income. However, wealth inequality is usually higher than income inequality (Cowell *et al.*, 2016) and can be linked to ownership as wealth relates to the ownership of assets. Wealth inequality also drives income inequality because “owners of capital will, over time, see higher income growth than workers” (Willoughby and Fignole, 2023, p. 20). Therefore, ownership of assets, including entities, promotes inequality when it is private and reduces inequality when it is collective or shared.

A tangible example of this process is the role that cooperatives can play in pooling resources of small businesses who would otherwise not be able to compete with larger companies, particularly in the agriculture sector. This opportunity for cooperatives to support small business development was highlighted by two of the experts we interviewed (Interview 4, 2024; Interview 6, 2024).

4.2. Social ownership reduces exploitation

Hansmann’s (1993) research on the structure of firms and ownership argues that one of the main reasons for the existence of worker-ownership models is to avoid exploitation which is almost inevitable in a standard investor-owned firm. The prevalence of exploitation of workers in investor-owned firms indicates its contribution to inequality. While it cannot be guaranteed that social ownership models do not exploit workers, the intention of socially owned entities is to have collective ownership and democratic participation in decision-making which should mean that workers have avenues to raise concerns and argue for better working conditions. Some of the benefits of social ownership models include reducing exploitation of workers and promoting the public interest (Willoughby and Fignole, 2023).

4.3. The focus on public benefit reduces inequality

As argued in the definition of social ownership, a core feature of social ownership models is the pursuit of social returns and the public interest. This can also be understood as public benefit. The public benefit of each of the social ownership case studies is clearly outlined below and covers benefits in access to affordable food, job creation, skills development and access to infrastructure such as irrigation and electricity. One of the key mechanisms to reduce income inequality is to provide public services, as the cost of the service no longer has to come from the individuals' disposable income. For example, if there is no public schooling or healthcare, individuals would have to pay for the service privately (Atkinson, 2015). Furthermore, the cost of these kinds of services comprise a higher share of income for lower-income households than upper-income households, thereby boosting disposable income of lower-income households. Therefore, public provision and public benefit, which are promoted as the primary aims of social ownership, can reduce inequality.

4.4. Inequality at the national scale is reduced by poverty reduction or increasing incomes of lower income population, which social ownership promotes

The case studies also show that the prioritisation of public benefit in socially owned entities changes the way they operate to ensure that more of the local community are involved in any work that is required, spreading incomes as far as possible. This was particularly clear in Case Study 1 where local community members all had a chance to work on the solar plant and this contributed to a feeling of pride and care for the solar plant. The case studies illustrate the mechanisms through which social ownership can increase incomes for the poorest, an interesting further research project could aim to gather quantitative data to prove this around some of the socially owned entities we have defined in this paper.

One of our interviews with an economist discussed how social ownership can support structural transformation. Structural transformation relates to the increase in manufacturing that can transform an economy, increase productivity and create decent work with a higher wage. Due to the increased incomes and job creation which are a result of the growth in manufacturing, structural transformation is also seen as a means to reduce inequality. Social ownership can contribute to structural transformation by pooling resources of several small-scale entities in order to purchase shared infrastructure to support all entities. Examples raised in the agro-processing sector include a solar power microgrid for processing of primary products or a communal factory to add value to primary products (Interview 4, 2024).

4.5. Maintaining resources and money in the places where they are created rather than being extracted for profit elsewhere supports local social cohesion and equity

We interviewed an expert on just transition in South Africa, who stated that “in South Africa, wealth transfers en masse from the poor to the wealthy; social ownership should prevent that (and even reverse it) and allow for wealth to circulate amongst the poor” (Interview 3, 2024). The potential is that social ownership can reverse the trend of extraction of value from cheap labour by wealthy investors and allow workers and low-income groups to benefit from local value creation. This was echoed in another interview with an expert on cooperatives in South Africa, who said that social ownership can support local economic development because the returns from an entity are reinvested in the area that it operates (Interview 1, 2024).

Atkinson (2015) argues that international ownership reduces the interest of shareholders in local social issues, stating that “the notion of “social responsibility” applies to a particular society, and it is not clear that overseas shareholders have a long-term commitment to the country in which they are investing.” (2015, p. 125). Therefore, local ownership is more likely to contribute to social cohesion and equity.

5. Case studies

The literature review has provided a wide-ranging discussion of the political economy and understanding of social ownership. While social ownership is usually proposed in the context of unequal ownership, the success of social ownership models in addressing inequality is well theorised, but lacks empirical evidence. We therefore undertook data collection on four case studies of different types of social ownership to understand the experiences of those who work in, or are members of, these organisations and how this might impact inequality. Four sectors were selected: energy, agriculture, mining and finance. As social ownership is determined by collective ownership and democratic decision-making – we assessed governance for each case. Public benefit is also a key feature of social ownership, and is central to the mechanism through which social ownership can reduce inequality so it was also assessed for each case. Lastly, we reviewed what barriers these entities face, and what role the state can play to support them.

5.1. Case Study 1: Municipal ownership - Urban Solar Microgrid Case Study

On 20 March 2024, there were celebrations in an informal settlement as the first solar microgrid in the city was switched on, providing electricity to 200 houses and 500 people who never had formal electrical connections before (Evans, 2024).

The solar microgrid provides one megawatt through solar panels and is supported by two megawatt hours of battery storage when the sun goes down. The system cost R60 million which included fencing, paving the road, smart meters and distribution to the houses. The project was driven and funded by the Gauteng Provincial Government through the Department of Cooperative Governance and Traditional Affairs. The Gauteng Premier, Panyaza Lesufi, issued a directive for the project on 5 December 2023, and just four months later, the system was built and producing electricity (Evans, 2024). The power plant is owned and operated by the city's electricity distribution company which is a state-owned entity. The project emerged out of the Gauteng Energy Response Plan.

We have selected this case study because it represents a form of social ownership as it is owned by the local municipality and because it is in the energy sector which is key to a just transition. Most existing solar power plants in South Africa have been utility-scale and situated in the Northern Cape which has very high solar irradiance, making solar power more efficient. But much of South Africa has potential for solar photovoltaic (PV) electricity and urban power plants should be feasible. They present an opportunity to electrify parts of the city which have never been formally connected to the grid and to increase access to clean and reliable electricity for poor households. In this way, they can reduce inequality due to the focus on disadvantaged communities.

We conducted a site visit where we met the team who manage the microgrid and we then conducted interviews with an electrification expert who works at the city's utility and a local community member.

Figure 2. The Solar Microgrid

Source: Authors.

Governance

The project was conceptualised in the Office of the Gauteng Premier, Panyaza Lesufi. The Premier then issued a directive and hired a solar microgrid company to build the power plant. The site was selected because it was a unique location which had physical limits: a river and another township which meant that a small solar power system would work well. The physical limits demarcated a small group of houses that would be electrified, avoiding conflict if there were many more houses that could not access electricity. Secondly, it was selected because of the well-organised community which had a committee (Interview 8, 2024).

From the community perspective, the solar company director arrived and called a meeting with the local community to ask if they could build the plant on that plot. The plot had been cleared by the community to build a community hall, but they agreed that it could be used for the solar plant because they wanted electricity and there was a promise that funds would be made available to refurbish the old community hall. However, this promise has not yet been met (Interview 7, 2024).

An agreement was reached, and the next day the building of the power plant began. After 3-4 weeks of construction, the local Ward Councillor and small businesses in the area became aware of the project and argued that construction should halt as they were not informed about the project. Then things slowed down, and a community liaison officer was employed. Small-, micro- and medium-enterprises (SMMEs) were hired to support the construction of the plant.

The City became involved when meters needed to be installed and then took over management of the plant after the launch. Therefore, there was local community involvement during the construction and development of the plant but once the City took over, the local community have had less input into the ongoing operations and maintenance.

The governance of the city electrical utility is somewhat complex. The utility has a service delivery agreement with the city and is also regulated by the National Energy Regulator (NERSA). The city utility has a Board of Directors which is appointed and removed by the city. In the governance structures of the city, the city utility falls under the Member of the Mayoral Committee (MMC) of Environment and Infrastructure Services. The city utility struggles with two mandates, to be self-sufficient in terms of revenue generation under the corporatisation model established in 2002 but to also hold a pro-poor service delivery philosophy (Mabalane, 2019). There is some debate about the influence of elected officials in the management of the city utility, with one commentator, Mabalane (2019), arguing that there is too much political influence which causes problems for the city utility. Technically, this should represent local participation in the governance of the entity.

Public Benefit

There seems to be an overwhelming positive attitude towards the microgrid from the local community due to its various local benefits. The major benefits for the local community include the access to safe and reliable electricity and the opportunity to earn an income from working on the construction. The project manager reported that 78 people were employed: 34 males and 35 females who worked as general workers during the construction phase. The interviewees highlighted their concerns about lack of employment opportunities after the construction phase.

Access to electricity had previously been an issue in this community, who had illegal connections that were dangerous, with reports of people being killed from these connections and conflict about illegal connections. The local substations often had to be replaced due to issues with illegal connections. Interviewee 7 stated that this was the first winter where nobody in the community was killed from an electrical problem.

In terms of employment, the community participation in the construction meant that as many people as possible were given the opportunity to work, with a rotational system even being put in place to make sure that everyone got a turn. This was managed by the community liaison officer, who noted who was working and made sure that there was a gender split too. There were also five SMMEs hired, when they only needed three to ensure that the benefit of the work was spread around. Community members were eager to work, stating that they did not need machines, they would rather hire more people (Interview 7, 2024). The interviewee explained that some workers had basic artisanal skills from both technical skills training and previous employment. Yet, most employees acquired new skills related to renewable energy infrastructure construction on the job (Interview 7, 2024).

A further public benefit was the increased permanence afforded by the electricity access. Although the area does not have toilets or sanitation, people are now hopeful and have invested in electrical appliances and better building materials for their homes.

On top of these benefits, the solar plant also lowers emissions as it is a form of renewable energy which is low carbon in comparison to the coal powered plants that fuel most of South Africa's grid. Interview 7 even argued that a solar microgrid is better than a normal grid connection because the maintenance is simple and can be done locally.

Barriers

This project was possible due to a grant from the Gauteng Provincial Government and so there is a question about the ongoing sustainability of financing. This project was part of the government's rapid response interventions addressing long-standing community grievances about access to public goods such as energy. The interviewee responses from participants illustrate that further projects had been planned. Is it possible for the Province to continue to provide finance for more of these projects? One positive aspect of the ownership by the city utility is that they will be earning money from the plant and so are incentivised to maintain and repair the system. Community members expected to be employed in the maintenance and repair programme because of the skills they obtained in phase one. Maintenance entails cleaning the panels and ensuring the grass and plants do not grow beneath the panels. But the city utility did not create work opportunities for these community members in the grid maintenance plan. This has limited local employment opportunities within the area.

A barrier mentioned by the community member is the cost of electricity is very high – as the electricity tariffs are the same everywhere due to NERSA regulations (Interview 7, 2024). It is unclear whether the community who are connected to the microgrid are receiving the Free Basic Electricity allowance for indigent households.

Another challenge for this project was the interest of the 'construction mafias' in the city. There has been an increase in violent groups demanding payment for infrastructure projects to go ahead and the project had to allocate funds to address this issue (Interview 8, 2024).

Role of the state

The role of the state in this project is that of manager and owner, and when the local community member was asked if this microgrid was owned by the community, the answer was no, it was owned by the city utility. Therefore, the involvement and excitement about the plant during construction seems to have waned somewhat and there is potential for the unmet promise of a new community hall to cause tension.

The source of funding from the state was very welcome, as well as the skilled capacity to build the plant, but the community view is that they could own, operate and maintain the plant themselves better and it would mean even better care and management from the community. It does seem that the ward councillor is involved in the project and is in contact with the community liaison. This is ideally the route for local input on governance and decision-making. This highlights how the community envisions governance in a socially-owned microgrid, with the state playing a facilitation role for full community management and ownership in the long-run.

Conclusion

This solar microgrid project seems to have significant benefit to the local community and a broader public benefit in terms of reduced carbon emissions. The involvement of the community during the construction meant that there was a strong interest in supporting as many people with work as possible and the result has been positive, with local community members feeling proud and also showing their children the new technology. However, this participation does seem to have declined since the microgrid was launched. The governance structures of the city utility might not provide direct access to decision-making in operations and maintenance, but there is potential for this if the ward councillor is active and satisfactorily takes up any local concerns with the city utility. Overall, this model contributes towards structural inequality reduction by increasing access to a public good (energy). It equally adds to efforts aimed at promoting collective ownership structures in the renewable energy sector. The multiplier socio-economic outcomes or benefits of the case study are redistributed within the local community through work opportunities, skills transfer, and social infrastructure. The municipal ownership model could be considered as an opportunity to promote energy access in townships and increase incomes of local communities, which can support the ideals of a just transition.

5.2. Case Study 2: Agriculture Cooperatives in the Eastern Cape

The Eastern Cape site visit focused on the agricultural sector and examined the experiences of two cooperatives which we will call Agriculture Coop A and B. The research team visited these cooperatives and conducted interviews with several members in November 2024. Both these organisations are secondary or 'umbrella' cooperatives comprised of six and seven individual cooperative units respectively. Broader structural trends with South Africa's agrarian political economy have shaped how these organisations emerged and developed since the 1980s. Two significant trends are elevated in the brief case summary below: the transition to a market-led agrarian model from the early 1990s and uneven spatial development.

- **Case study 2A**

Governance

The cooperative has 72 members and operates on 150 hectares of land (but the total arable land amounts to 420 hectares). Both the Ciskei and Eastern Cape governments allocated this land to the cooperatives as part of historic and contemporary land redistribution programmes. Members hold different forms of land tenure that include individual (household), informal and communally owned land rights. There are six primary cooperatives that constitute Agriculture Coop A, and they include women, youth, and male-led cooperatives. These cooperatives elect individuals who represent them in the board, which has the authority over operational decision-making. The overall authority for making decisions on broader governance areas that go beyond operations resides with all members of the cooperative. However, it is important to note that the actual day-to-day coordination of operations is led by a state-financed Farm Production Support Unit (FPSU) comprised of six employees. The state pays these workers, which include a farm manager who oversees the daily operations.

Barriers

Agriculture Coop A emerged from individual cooperative units established during the 1980s as part of the Ciskei Bantustan government's agrarian support programmes. The focus in this case was irrigation infrastructure, land redistribution and market access for producers using government procurement. This cooperative has experienced the structural challenges encountered by most black-owned cooperatives since the transition to a market-led agrarian model over the years. These include limited access to finance, governance shortcomings, minimal market access, inadequate skills, precarious land tenure rights, and negative impacts of climate shocks. The governance challenges are related to the issues identified in previous sections drawing from Phillip's analyses of the NUM cooperatives. These include contestations over income distribution and decision-making processes.

In 2018, the Department of Rural Development and Agrarian Reform proposed that the individual cooperatives form a secondary cooperative structure to ameliorate the above-mentioned challenges. This proposition was accepted but Agriculture Coop A continued to experience operational and governance problems. Hence, the board was re-established in August 2024, with the aim of addressing long-standing impediments in both production and governance. It is still technically registered as a primary cooperative because of the administrative compliance challenges within individual cooperative constituencies.

Public benefit

The cooperative aims to achieve several core objectives. Yet, its operations are mainly designed to comply with goals outlined in the Farm Production Support Unit (FPSU) guidelines, which are in the Department of Agriculture, Land Reform and Rural Development's (2020) 2020–2025 Strategic Plan. A FPSU is essentially a capacity-building structure that is connected with a Agri-Park network[7]. The cooperative's primary aim is to develop commercial capabilities, expand the commercial operations and gain enhanced access to formal markets. This is achieved through an additional core mandate: pooling individual land, produce, inputs and skills into a single overarching secondary cooperative structure so that collective bargaining power is employed for generating greater income returns or profits. Another fundamental aim of the organisation is strengthening the governance and management processes within individual cooperatives. The cooperative equally provides the following public or social returns: it shares production with impoverished households, creates seasonal employment for community members, trains individual farmers and provides households with cheaper food prices. There is no institutionalised or codified agreement that informs how these public or social interest benefits are distributed. These decisions are taken on a needs basis during meetings based on the cooperative production output over a certain period as well as community needs.

Role of the State

The state has played a central role in supporting the cooperative in both historic and contemporary eras. As discussed above, it emerged on the back of a 20th century state-led smallholder irrigation programme aimed at supporting rural development. This state

[7] The Department of Agriculture, Rural Development and Land Reform defines it as "An Agri-park is a networked innovation system of agro-production, processing, logistics, marketing, training and extension services, located in a District Municipality. As a network it enables a market-driven combination and integration of various agricultural activities and rural transformation services. The Agri-park comprises three distinct but interrelated basic components".

support has continued, even within a market-led agrarian policy economy context, which withdrew state producer support significantly. It includes the provision of inputs, grants, skills development opportunities, land and setting up the FPSU. The FPSU plays a significant role in this cooperative model in the following ways. Firstly, it links the cooperative with market access opportunities and advice on meeting produce-specific standards. Secondly, officials from the FPSU are responsible for managing and overseeing the operations of the farming households. Thirdly, this structure equally plays an important role in developing the strategic orientation and goals of the cooperative.

The cooperative believes that more training is needed for the youth within the cooperatives. They also think that government should be doing more to support market access, which has been a key challenge, and provide more inputs such as tractors, trucks and equipment. Agriculture cooperatives struggle to compete with large industrial scale farms.

- **Case Study 2B**

Agriculture Cooperative B's history can be traced to the Bantustan government's efforts to support small-scale black farmers in the Ciskei. It was initiated by the state selecting household family farmers for training in dairy production during the 1980s. These beneficiaries were allocated twelve cattle as well as twelve hectares of land. These land parcels were transferred in 1984 and title deeds handed over to the families in 1993/94. State finance, through the rural development bank, assisted these farmers with grants to obtain the livestock. In addition, a training programme was set up to assist the beneficiaries in producing milk that meets market product standards. But the farmers leading the programme left in 1984 and then the individual farmers started experiencing production challenges in the following years. The white commercial farmers leading the programme served as mentors and resigned from their roles when they migrated. They lost market access, especially procurement from state entities such as schools and hospitals.

Governance

These challenges compelled the beneficiaries to pool land and assets to deal with these individual production obstacles (with the provincial Department of Agriculture's assistance). Another motivating factor was the need to ensure that farms operate sustainably so that future generations benefit from the farming income and land assets. The secondary cooperative emerged from this land consolidation processes and attempts to improve the business models of individual farming units. There are seven primary cooperatives and membership access is determined by ownership of land and water harvesting infrastructure. The chairpersons of the seven primary cooperatives constitute the core members of the leadership structure.

These farmers continued to face barriers throughout the 1990s and subsequently decided to establish a partnership. Some major challenges included indebtedness and inadequate skills. A significant step was forming a commercial business partnership with a commercial business (with assistance of the provincial Department of Agriculture in 2010). It a majority black-owned company that provides support to black farmers in the areas of management, skills development, and financial investment. The cooperatives provided the land (750 hectares) and water harvesting infrastructure while the commercial business invested with 1800 cattle and new dairy farming equipment. A trust was established to manage the business operations, and it receives a mandate from the secondary cooperative leadership committee meetings.

The trust cannot make decisions without consulting this committee and it uses this forum to share information with cooperative members. It equally serves as the commercial holding structure for the partnership. The trust is led by a chairperson, six representatives from the Agriculture Coop B and three executives from the commercial business. The dividend share is distributed evenly (50% split) between the two partners and then the Agriculture Coop B distributes its revenue equally among the primary cooperatives. The trust employs workers who manage the daily operations within the farms.

Public benefit

There are several social returns produced in this cooperative model. The first is the support provided to new entrants in dairy farming who face a myriad of competitive barriers. Collective ownership and bargaining address the weaknesses associated with individual farming in a market-led corporate agrarian model. Secondly, protecting smallholder land consolidation and ensuring that it remains productive through its first buy option within the cooperative structure. Thirdly, farming land and assets provide a future income for young people in families and communities. This is perceived as a form of social security created through a collective ownership model. Fourthly, local villagers are employed on the farms and households have access to the water infrastructure primarily set up for dairy farming. Lastly, this model is a successful example of how to create democratic and efficient governance structures within cooperatives. It also highlights the positive impacts of solidaristic and coordinated economic strategies for achieving socio-economic benefits.

Barriers

Climate change has been a significant challenge for these farmers, although through an adaptation course they received, they were better prepared for the subsequent droughts they experienced. In addition, the aging water infrastructure in the area has also been an impediment for production. Water is an important input in the dairy farming subsector. The farmers also struggle with livestock diseases and keeping the cattle healthy. There is limited access to veterinary care services for the livestock. Land access was also cited as an additional barrier for the cooperatives. The call for transferring state-owned land or farms to cooperatives was emphasised.

Role of the State

The state has played an extensive role in the successes of the cooperative. A primary one is the irrigation infrastructure set up to assist dairy farmers to access water easily. Additionally, government has also supported farmers in adapting to climate change and its impacts through training on water harvesting. These sessions built on the farmers' indigenous water harvesting knowledge and practices. Members of the cooperative have equally benefited from the state land redistribution programmes since the 1980s, even though they demand more land. The provision of essential inputs such as land and water has been pivotal for alleviating the market entry barriers encountered by small black farmers. Government finance is another essential form of support, especially the Land Bank loan for purchasing cattle.

The members of the cooperative are concerned about water availability and believe that the government should take action in times of drought. There is also an opportunity to use local land to produce feed for the dairy cows locally. This land needs to be made available. They reflected that development of land for housing is not necessarily the best option for food security, one focus group participant stated, "you can have a house but what will you eat?"

Conclusion

The two agricultural cooperatives contribute towards reducing poverty and inequality within their communities. There are other positive socio-economic outcomes cited in preceding sections. These social and public interest returns comply with social ownership features identified in the literature review. The cooperatives also engage in activities that assist in preserving natural resources and adapting to climate shocks. Members appreciate the importance of setting up participatory, democratic and bottom-up decision-making processes within their organisations. This is a central feature that has shaped the governance culture within these cooperatives, which provides insights into how to design productive and stable institutional systems in social ownership models.

The cooperatives' sustainability depends on several socio-economic structural factors. Case study 2a cooperative has become sustainable as a result of conducive policies and legislation such as Broad-Based Black Economic Empowerment (B-BBEE), state-led agricultural subsidies and land reform. In addition, the cooperative owns 750 hectares of land, 1600 cows and employs 18 people (with 31 family beneficiaries). All the elements discussed in this section amplify how social ownership alleviates inequalities in communities. There are clear public interest or social returns such as improved food security, work opportunity creation as well as increasing access to land. In addition, this socially owned model presents an alternative to existing concentrated ownership patterns across the agro-food system in South Africa. The socio-economic benefits of this model mainly benefit cooperative members and citizens within the community. These models also pool shared resources so that small farmers have access to processing facilities they may not be able to afford. This sharing of infrastructure can promote climate resilience, for example if a farmer is struggling with access to water they can use the resources and network within the cooperative to relocate their cattle.

5.3. Case Study 3: Worker Ownership - Mineworker's Non-Profit Entity

The original impulse supporting trade union investments in the economy during the 1990s was aligned to social ownership principles. Hassen (2020) provides an example of how unions within COSATU initially planned to purchase office blocks for social housing and direct pension fund investments towards cooperative banking models. This early vision was anchored on securing social returns and elevating public interest goals. But the actual practice since the democratic transition has contradicted these primary aims in several ways. The preferred investment company model has facilitated the integration of these enterprises into existing economic ownership structures within South Africa's finance-led Minerals-Energy-Complex.

Governance

A prominent union in South Africa established an investment company and investment trust in the mid-1990s. Fifty percent of the trustees are National Office Bearers (NOB) from the union and it also has independent board members. The investment company has shareholdings in listed and non-listed companies within the following sectors: finance, health, business services, hospitality, and media. The sole shareholder of the investment company is the investment trust which is fully black-owned. The trust uses the dividends received from the investment company to support five union-led institutions, which have broader social returns and public interest mandates. We are specifically examining the union NPO because it was originally set up to support retrenched mineworkers in pursuing alternative community-led livelihoods after extensive job losses in the late 1980s. This organisation emerged from the union's cooperative programme that operated in South Africa, Lesotho, and Swaziland during the late 80s and early 1990s. These cooperatives were mainly established in the agricultural, textile, construction, and brick production sectors. The union NPO has evolved and runs the following strategic socio-economic development programmes: (i) enterprise development support, (ii) skills development and training, (iii) social security advocacy (retirement and occupational health compensation), (iv) food security and (v) poverty alleviation. It has a board that is chaired by a union NOB and worker leader representatives from two regions. The union NPO board provides monthly reports to the investment trust and tables a report at the union's national congresses.

Public benefit

The difference between this union NPO and any other NPO, is that workers are the owners and beneficiaries of the NPO. The union NPO reaches an estimate of 20 000 beneficiaries annually across its different socio-economic programmes. These interventions include some flagship programmes in the agriculture sector focusing on assisting small-scale farmers and strengthening community food security. Access to water infrastructure, alternative energy sources, and skills development opportunities are prioritised in this programme. An additional area of the union NPO's work is supporting emerging enterprises and five cooperatives in accessing solar energy infrastructure. This enterprise development support extends beyond energy provision and includes improving access to development finance by working with government SMME agencies. Employment is also elevated in the organisation's strategy, with an emphasis on creating jobs in rural and township areas. The union NPO contributes towards this objective through its agri-hub, social employment, and beekeeping/ honey production projects. Partnership with several Sector Education and Training Authorities (SETAs) have been essential for developing learnerships, apprenticeships, and short-term skills programmes. Social security also features prominently in the union NPO's work on assisting ex-mineworkers and their dependents to access retirement and occupational health benefits.

Barriers

The barriers include limited access to finance which limits the number of beneficiaries that can participate in projects. Hence, the union NPO has partners with private and public sector organisations in implementing programmes. This compels the organisation to accommodate the interests of these partners and constrains the scope for implementing the original objectives fully. In addition, the union NPO operates within the constraints of South Africa's economic structure, which poses significant challenges for targeted beneficiary groups. For example, unequal access to markets and infrastructure has significant adverse impacts on the enterprise development initiatives. The mandate of the union NPO is derived from founding documents and the law governing public benefit organisations. This restricts options for experimenting with new models or pilot projects aimed at transforming economic structures in the country. For example, the organisation is restricted from establishing a firm or company that is owns directly in any sector.

Role of the State

The state's main role in this case study is based primarily on partnerships. Several projects in the union NPO strategy are implemented with government entities such as municipalities, SMME support agencies, skills training authorities and social security institutions. The organisation has equally attempted to develop its programmes in line with key government legislation and regulations. The union NPO relies on the regulatory agencies responsible for these pieces of legislation to support the achievement of organisational goals. The interviewee also expressed concerns about the state's failures in directing financial capital towards broader public or social returns. This was cited as a major impediment for producing more positive socio-economic outcomes from social ownership models (Interview 9, 2024).

Conclusion

This case is important because it is based on a worker social ownership model that goes beyond ESOPs. It illustrates how revenue generated from union-led investments can be redirected to produce social returns. Furthermore, this model also amplifies the importance of redress and redistributive policy frameworks in developing social ownership. Both the investment company and trust benefitted from B-BBEE legislation. The governance structures are more layered than other case studies, yet they still provide space for worker participation and representation through national and regional office bearers. This can only work if there are strong internal processes within the union that allow general members to hold these leaders accountable and assess the NPO's performance thoroughly. The programmes designed and run by the NPO have definitely supported polices aimed at inequality ad poverty reduction.

5.4. Case Study 4: Finance Cooperative

This case study was of a large financial cooperative located in a medium sized town in the Western Cape. Initially, we intended to do a case study in the manufacturing sector. However, we struggled to find many existing examples, and in one instance, the organisation was not interested in participating.

We therefore decided to look into social ownership in the financial sector. Stokvels are the most well-known and well-used form of financial social ownership, but there are also more formalised institutions such as financial cooperatives. The selected case falls into the second category and was selected as it is one of the largest financial cooperatives in the province. It also straddles the rural-urban divide as a medium-sized town, and therefore presented as an interesting case.

This cooperative was founded in 2014, for individuals from the town. Although initially started by small business owners, it then opened its doors to other residents and now has 360 members.

The cooperative is currently registered as a Cooperative Financial Institution (CFIs). CFIs are defined by being member-owned, democratically governed, and not for profit, with any surplus going back to members. In South Africa, they require a minimum of 200 members and R100 000 in share capital (Sauli, 2020). The cooperative has two financial products, a savings and a lending product. However, the lending arm is not operational as it has not yet met the necessary requirements.

In order to join, one needs to complete a form, submit FICA[8] documents, and pay R500 (as a member joining fee) to get 10 shares. Over time, this share value can increase or stay the same, it cannot decrease. There are various rules determined by the members regarding lending, timelines for withdrawals, and so on.

While the cooperative has been stable and able to maintain the same amount of money in its account (in excess of R400 000), it has not been able to grow or expand as financial cooperatives are by law not allowed to speculate on the market, and the money has been maintained at a relatively low interest rate.

Although it is currently only for members living in the area, they have aims to expand to anyone in South Africa once fully established.

This cooperative has ambitious ideas for the future. It sees potential in micro-insurance and fintech as this is a gap in the market that normal banks are not engaging with. They are also looking at an app to help with payouts, because there are administrative costs with the bank – this is something they have been struggling with.

They are also hoping to partner with other cooperatives, particularly in the province. This networking is a result of being able to attend the Cooperative Indaba this year.

Governance

The cooperative is governed by an elected board of 9-15 members. This board is elected by the general membership, which hosts annual meetings and occasionally special meetings if necessary. The board is headed by a chair, whose job is to provide strategic guidance and help in decision-making. However, key decisions are made at the membership meetings. It is then the board's responsibility to execute the wishes of the members.

There is also a supervisory auditing committee comprised of members which oversees the board and can summons them at any time. The board can also make sub-committees for specific tasks, e.g. a training committee. Anyone from the membership can be asked to be on one of these.

Public benefit

The interviewee felt that the goal of the cooperative is a common bond and same-mindedness. It can contribute to reducing poverty and inequality, and change someone's life. However, they clarified that it is not only for poor people (Interview 10, 2024). It is comprised mostly of lower- and middle-income members, but also some upper income classes – it has a diverse group of people. Anyone can join and they want balance. One of

8 FICA is the Financial Intelligence Centre Act. This act was introduced to combat financial crimes such as money laundering, fraud and tax evasion. For financial institutions, a key part of this is ensuring the correct identity and details of members and customers.

the goals is also to bring people together – those who are poorer with those who are better off. It is about putting people in contact on equal terms as everyone has equal shares.

The interviewee stated that social ownership is about social inclusion. It is not about just one or two individuals progressing financially, but rather the community progressing as a whole. They said that private ownership, on the contrary, is just about a small percentage of individuals, whereas everyone in social ownership has the same privileges.

Unfortunately, to date, this cooperative is not very visible in the community and there have not been any tangible benefits yet for members. Nonetheless, no one has left the cooperative yet, even though people often say they will due to the lack of benefits.

The interviewee reports that the benefits of being part of a cooperative are being in charge of your own bank fees, developing one's own financial products, financial independence in the long run, and the ability to negotiate in bulk (Interview 10, 2024). Unfortunately, these benefits have not yet been realised. The financial cooperative in the town of Orania is referred as a successful example as they can provide their members with cars and building materials.

Barriers

The biggest barrier they have faced is the high turnover of board members due to the workload. Most board members have full-time jobs and they do not receive any remuneration for being on the board. However, there is some hope with some of the new members of the board who only work part time, that they are able to also do things during office hours e.g. go to the bank, which helps to move things faster.

The coop does not have an office or space of their own. They sometimes use an office of a member but it is somewhat outside of town, or the local church for annual meetings. This also means that they lack visibility in the community.

Role of the State

Financial cooperatives are defined by many regulations of the Prudential Authority. They must be compliant with the Financial Intelligence Centre (FIC), Financial Sector Conduct Authority (FSCA), Cooperative Banks Development Agency (CBDA), Small Enterprise Development Agency (SEDA) and the Small Enterprise Finance Agency (SEFA).

One of the cooperative's first goals is to become fully compliant with the Prudential Authority. They have gotten a lot of support from these institutions to do this, and found them to be incredibly patient and helpful. Although they have not received any financial support from government, they have received technical support and training.

The interviewee stated that government should partner with cooperatives. One suggestion was that, with SASSA payouts, R500 of the R1000 that people get could go into a coop. In this way, when they need money, they can go to the cooperative rather than loan sharks (Interview 10, 2024).[9]

Conclusion

While this cooperative has been successful in terms of the length of its existence, its size and stability, it has struggled to get off the ground to be compliant and achieve financial benefits for its members.

Many of the difficulties faced by this CFI have been reported about the sector as a whole. An analysis and strategy for CFIs was produced in 2021 based on discussions at a national indaba and a survey of CFI members (World Bank Group, 2021). Many of the barriers found by this organisation are echoed in this report.

Foremost in this case has been the high turnover of board members, which means that small gains and institutional progress are lost. As reported by World Bank (2021), "CFI boards have struggled to attract people who have financial skills and are willing or able to put in the time commitment needed as unpaid volunteers" (p.10). Other reported barriers have been a mistrust and lack of certainty which prevents new members joining or people not being willing to put in large amounts of money. This is also linked to a lack of deposit insurance in South Africa. This is one of the reasons stokvels have been more successful is that they are generally run amongst smaller groups of friends with higher levels of trust.

CFIs have also been unable to compete with commercial banks, by providing ATM cards, mobile banking and digital payments. This is something this case has also struggled with and would like to improve as it would provide an advantage over commercial banks.

Regulatory challenges have also meant that the CFI has struggled to become compliant. Financial cooperatives are more heavily regulated than others, and therefore it has been difficult to become compliant. Nonetheless, the relevant state bodies have been supportive in this regard. This has been the biggest barrier in being able to provide loans, one of the most desired and useful products. An extra license is required for loaning, beyond that required of a CFI, which means that many CFIs are not able to provide this product.

Despite these challenges, this CFI seems to have value for the members who have remained throughout. This likely has to do with being part of a community which comes together around a common goal and the potential benefits they can envision once the cooperative is operating successfully. This aligns with the World Bank Group (2021), whose findings show

[9] Loan sharks are people or organisations or lend money illegally at extremely high interest rates. They typically use violence or threats of violence to ensure repayment.

that “most members use their CFI/CB more because of its structure and less because of its services” (p. 5). The member survey showed that most people used the CFI because of the local community and it being member-owned.

These barriers have limited the economic success of CFIs which remain very marginal in South Africa compared to other African countries and similar middle-income countries (World Bank Group, 2021). The hope that these kinds of models can help to address inequality remains. This is supported by international literature which shows their potential impact. In India, Lal (2018) and Lal (2019) report that cooperatives provide a key avenue for financial inclusion for the poorest. In Italy, Murro and Peruzzi (2018) and Minetti et al. (2021) find that “cooperative banks mitigate income inequality in local communities more than their commercial counterparts” (p. 420). Based on a study of 57 countries, Barra et al. (2024) show that financial access helps to reduce income inequality, and that cooperatives achieve this more than commercial banks.

Although higher than in other parts of Africa, a significant part of the population remains un- or underbanked. This suggests there are still enormous opportunities for CFIs and other financial social ownership models. Where successfully implemented, these models provide a safe and secure place for money and access to cheap, safe credit, both of which help to secure resilience in the face of crises. They can therefore offer an important source of financial resilience, which together with financial inclusion (Chhatre *et al.*, 2023), acts as an important pillar of climate resilience (Hussain *et al.*, 2021).

6. Analysis

These four case studies provide examples of alternative ownership models which can be considered social ownership. In particular, all entities showed alignment to the indicators of social ownership discussed in the literature review: a collective ownership structure, the pursuit of public benefit, democratic control of decision-making, and an ethic of coordination and solidarity. Some of the key features across the different models are discussed in this section. We analyse how these case studies are governed, whether they create public benefit, what barriers they face and what the role of the state is for each. This provides indicators to improve an understanding of how ownership models can influence inequality in the pursuit of a just transition in South Africa.

6.1. Governance

The case studies all had fairly unique governance structures, even across similar types of entities. The uniqueness of governance structures is important to highlight, as each entity has found an appropriate structure for governance which suits the context. However, there are common features which can provide guidance for systems of governance of socially owned entities.

A common feature across the cooperatives is a board or committee which is composed of elected members of the cooperative, or of the primary cooperatives. In the case of agriculture cooperative 1, the day-to-day operations are carried out by employees who are employed by the state and who report back to the board which comprises elected representatives of the primary cooperatives. In the case of agriculture cooperative 2, there is a separate body, a trust that carries out the day-to-day operations and reports back to the committee of elected representatives of the cooperative. This cooperative has a partnership with a commercial entity which also has representation on the trust.

The finance cooperative is also slightly different as they do not have any employees and the elected board members carry out day-to-day operations. However, they are also held accountable by another supervisory auditing committee, which is made up of elected members. Therefore, the common characteristic is that day-to-day operations might be carried out by employees or the board, but they are usually accountable to another grouping of representatives in the case of the three cooperatives.

Another common feature across the cooperatives is an annual meeting where all members attend, this allows members to be kept up to date with operations and provide input on key strategic decisions and activities of the board.

An expert we interviewed defined a cooperative as an entity where the manager, owner and beneficiary are the same group, but acknowledged that this is difficult to achieve so they are often separated out (Interview 3, 2024). The cooperatives we have analysed here seem to have made the board or committee representative of the owners and beneficiaries (all members) whereas management is separated out, usually to employees who report to the board.

In case study 1, governance is quite different because the microgrid is owned by the city utility which is a state-owned entity. The state-owned entity reports to the MMC for Environment and Infrastructure services, who is a political appointee on the Mayoral Council. For a local community member to provide input, they would have to go through their Ward Councillor who can then report to the Mayoral Council. This structure should allow for local input, but whether that is practiced and how long it would take to follow these channels is less clear.

Case study 3 represents a more standard non-profit entity which has employees who carry out day-to-day operations and a board which includes national office bearers and representatives from the trade union. This should result in direct input from workers as owners and beneficiaries but perhaps not managers directly. Monthly reports are provided to the union trust as well as reports at the annual congress.

Case study 4 highlights the challenge of high board member turn over as a result of non-payment of board fees. There could be a case to be made for strategies to attract highly skilled board members to preserve institutional knowledge and critical skills.

Therefore, key to the governance of socially owned entities includes participation of beneficiaries in governance and decision-making through elected representatives (whether it be a board or committee). Furthermore, day-to-day operations and management are typically handled by employees who report to the board or committee. An annual large-scale forum is set up where members or beneficiaries can influence strategy, elect representatives and provide input into decision-making. This structure embodies collective ownership and democratic control of decision-making through elected representatives.

6.2. Public Benefit

A key feature of social ownership is the mandate and prioritisation of public benefit as well as an ethic of coordination and solidarity. All of the case studies highlighted numerous and diverse public benefits and illustrate the benefits of coordination and solidarity.

A common public benefit across case studies 1, 2 and 3 is access to resources of some kind. In case study 1, the benefits are access to safe and reliable electricity. In case study 2, the two cooperatives supported access to affordable food and water infrastructure. While case study 3 provides access to skills development for workers who are retrenched.

Another common public benefit is enhanced community cohesion. In case study 4, there were fewer tangible benefits to the finance cooperative members, but they had aims to redistribute wealth and provide a financial safety net for the community. In case study 1 the microgrid led to improved confidence and hope in the community and in case study 3, the agriculture cooperatives also built on collective organisation to support collective bargaining in the market. This benefit of social ownership, linked to the redistribution of wealth, was also mentioned by Interviewee 3 (Interview 3, 2024).

The agriculture cooperatives are very focused on improved production capacity. They leverage economies of scale through cooperation to improve production and allow for larger contracts to be secured. They also then provide support to small businesses. This is all with the intention to create jobs, increase incomes for impoverished households and provide access to food.

The solar microgrid also had significant benefit for the local community in terms of job creation and working with local enterprises. This is on top of the environmental benefit of reduced emissions from renewable energy power generation.

There was an interest in long-term planning and awareness of environmental degradation across the different entities. Perhaps because these case studies represent socially-owned entities that are primarily concerned with public welfare, the often critiqued short-terms goals of profit-making entities are less enticing.

Many experts who understand the functioning of cooperatives and different forms of social ownership criticise the models because of the failure to be financially sustainable or profitable (Interview 1 and 5, 2024), but this is never the primary goal of social ownership, and they seem to be very successful in the main aim of public benefit. Therefore, should the definition of a successful social ownership model be that it generates public benefit and is able to continue operating, even if not growing? There are many examples of social ownership in South Africa and internationally, and they clearly provide significant public benefit and community building. As evidenced with financial cooperatives, these models can support a reduction in inequality (Minetti, Murro and Peruzzi, 2021).

6.3. Barriers to social ownership

The case studies conducted were all relatively successful examples, in that they were able to survive over relatively long periods. Nonetheless, they all report significant difficulties and barriers which are indicative of the barriers faced by different models more broadly.

Access to finance and financial sustainability

The most significant of these is access to finance and ongoing financial stability. This applies to all models - state/municipal forms of ownership, cooperatives and union-ownership schemes. Interviewee 3 suggests that this is the biggest obstacle for social ownership models as South Africa lacks the financial architecture and institutions willing to fund them, and take big risks for small rewards, which is inherent in this approach (Interview 3, 2024). They stated that this should be part of the mandate of public and development financial institutions and yet these are led by decision-makers who see these models as too high a risk, and thereby increase the cost of capital associated with them. What is required is a model of non-extractive financing which understands and supports the potential of social ownership and has a mandate to support it.

Nonetheless, all of these models have received funding, largely from the state. Amongst cooperatives, the financial support they have received varies significantly. Some have been relatively well-financed – covering salaries for staff, equipment, inputs, utilities, and office space. However, interviewee 5 has argued that this funding has not always acted as a useful incentive. They argue that in many cases, cooperatives are simply formed as a means to access government funding, and once it runs out, the cooperative is disbanded and a new one formed (Interview 5, 2024). Rather, the most successful are those that form out of common interest and later seek government support, rather than the other one round. Two interviewees suggested that this leads to government dependency, and that people are unwilling to put in their own resources and capital as they expect these to come from government. This was raised as an issue in one of the agricultural cooperatives in case study 2 who have since changed their model to require that 30% of profits are put back into the cooperative.

These models have also relied on partnerships to get access to funding, resources, or skills that they otherwise would not have access to. In several cases, these include partnerships with private companies. While this may mean that the objectives and functioning of the organisation need to change to accommodate these new interests (as in the case of the union development agency), others stated that it also meant that the logic of social ownership was imposed on these companies in a positive way (Interview 1, 2024).

Therefore, while there is funding for social ownership models, and cooperatives particularly have received significant support – it is not at the scale necessary, is not consistent or reliable and is not explicitly in our development finance system. This is linked to the broader political economy around social ownership and public financing. Finance is funnelled into attracting the private sector, there is a shift away from public ownership, and a perspective of cooperative models as inefficient, small-scale modes of production, with funding for welfare intentions rather than economic productivity per se.

Supportive environment

Finance is not the only form of support these models require. In case study 2, the disrepair of essential infrastructure acts as a significant barrier, particularly roads and water infrastructure. This is linked to the overall capacity and enabling environment required for successful community models.

An adequate ecosystem of support is also lacking. There are few institutions supporting social ownership models, and those have not received financial support (Interview 1, 2024). And, supporting institutions within the state either have overlapping mandates (Interview 5, 2024). Extension officers have not been supportive of these models, particularly when linked to alternative practices such as agro-ecology (Interview 1, 2024).

The regulatory environment plays both a supportive and inhibitory role. In case study 4, there were significant barriers to allow for full functioning of the cooperative, particularly when it came to lending. In case study 2, one of the agricultural cooperatives also faced challenges in becoming fully compliant, while in case study 3, the rules governing public benefit organisations restricted options for experimenting with new models. However, these organisations also found these government departments to be helpful in implementing these regulations, or the guidelines to be useful in assisting with the management of the entity.

Consistency and stability over time

Apart from the first case which is still very new, the three other case studies have shown remarkable resilience and persistence over time. In this time, however, there have been major fluctuations in their activity and success. For example, with the agricultural cooperatives, at various times they have been able to produce themselves, and conduct value-adding activities, but is currently not happening. Therefore, ensuring consistency and stability over time has been a significant obstacle. There are various reasons for this, only one of them related to the question of financial access and sustainability.

Several have seen substantial change overs within their boards (and in some cases, staff) that has limited the retention of institutional knowledge and the inhibited the accumulation of progress and improvements. This is linked to the lack of payment for being part of the board, and other responsibilities and work they might have which limits the time and energy they are able to give to the organisation.

In one example in case study 2, repeated crises severely harmed their ability to maintain some of their more economically productive activities. This included drought, Covid-19, a wave of tuberculosis, and then collapsing infrastructure. In the case of drought, they referred to the importance of a climate change course they did just before, which helped them institute water-saving measures. This indicates the ways in which resilience can be improved to withstand these periods of crises.

Despite difficulties and significant dips in functioning and success, these models have been able to persist through these periods, with memberships remaining relatively stable. It seems they have been able to tide over these periods of difficulty due to the sense of community and common purpose, as well as the bond over their shared resource, such as land.

Market access

Many of the organisations reported market access to be a significant barrier to achieving economic success. In case study 2, often access to large, consistent markets was desired – supermarket chains like Shoprite, or large government institutions like prisons or hospitals. However, the organisations were unable to achieve the consistency of production, economies of scale, or value addition necessary for these kinds of buyers. One organisation also reported racism at the local commercial market, where their products were only considered last, reducing their value. Similarly, they reported that buyers would buy from suppliers they were more familiar with, resulting in new producers being left out.

Market access is a significant focus of these organisations – with one reporting that although government has provided lots of support, they have left out the most important part so that produce can never go anywhere. They reported that cabbage was left to rot in the fields because it had nowhere to go.

This focus on market access aligns with Interviewee 5 who said,

> "*there was this obsession about access to market as if market is something that is out there that they can access or somebody has to enable access and forgetting that market is the consumer and you can create market and people can access your produce. But the market they often think about is being able to supply Spar, or supply Shoprite and those kinds of things*".

The creation of a local market was done by a local supporting organisation in collaboration with the agricultural cooperatives. While it was interrupted by the Covid-19 lockdowns it is still ongoing (Interview 1). This illustrates a great initiative of being able to provide for one's local community while also gaining access to a 'market'.

Differences amongst members/stakeholders

By its nature, social ownership models include a variety of individuals and interest groups. This is particularly the case in South Africa with high levels of heterogeneity within society. This can pose challenges to ensuring that all members or affected stakeholders are satisfied by the processes and outcomes.

Particularly case study 1, it was a challenge to ensure that all stakeholders were adequately included and considered. The request of a community hall has not yet been met, and although there was employment provided during construction, there is no local employment for operations and maintenance. The municipality had to balance desires for local employment, contracting of local SMMEs, and manage the ward councillor and other local politicians. Despite this, it was able to do this relatively successfully through extensive consultation and engagement with the surrounding community.

Another issue raised in case study 1 is the high tariffs of the system which are equivalent to those paid by everyone else as they are set by the national regulator, NERSA. While this may limit the apparent benefits of this kind of social ownership at a local level, it ensures a level of fairness which limits dissatisfaction between those who are part of the system and those who are not. This was reported to be an issue in another site, not related to tariffs, but where those on the system did not experience loadshedding while the rest of the community did.

Differences amongst members was reported most strongly in one of the agricultural cooperatives in case study 2, who stated that their biggest barrier was the elderly member who wanted to keep things as they were. They reported that this alienated some of the youth members, many of whom had other objectives for the cooperative, and wanted to see it become more commercially oriented. All the agricultural cooperatives were aware of, and actively worked, to maintain good relations with the rest of the community and those not involved in the cooperative. This was mainly done through employing local labour to ensure that there was also local benefit beyond the cooperative, as well as ensuring open communication.

Interviewee 3 argues that this lack of homogeneity, often results in violence and conflict when it is perceived (or in actuality) that some people benefitting more than others. This has been a significant barrier, and prevent the long-term success of many organisations.

Skills and capacity

Many, if not most, social ownership models in South Africa are founded within low-income communities who see value in pooling resources, gaining new economic opportunities, and coming together for a common goal. This is unlike oft-cited cooperatives in countries such as Germany who not only have a higher level of wealth, but also have fairly high levels of education and business skills amongst ordinary people (Interview 3, 2024). A lack of skills and capacity was reported by some of the cooperatives, linked to the administration of the cooperative but also technical skills. For example, Interviewee 1 reported a case where cooperative was given a water pump and a tractor but once it broke no one was able to fix it so it just sat around. Some cooperatives have received training by government, or salary support to hire qualified staff such as bookkeepers, to help address this gap

These are the common barriers faced by the different forms of social ownership, amongst different models, sectors, and regions. Of course, they also face challenges based on their specificities. For example, rural cooperatives face difficulties due to their remoteness. And in the municipal case, they struggled with extortion and the 'construction mafia'. Nonetheless, there are many similarities which have limited the economic success of social ownership models and their ability to provide a means of addressing wealth inequality amongst South Africans. However, the common vision, and the coming together of community, are what have kept them together and can definitely be defined as an important aspect of their success.

6.4. The role of the state

Policy and regulatory orientation

Social ownership literature emphasises the central role of public enterprises, macro-economic policy orientation, industrial incentives, regulations, and political contexts. These factors shape the socio-economic impacts and operations of social ownership models significantly (Williams, 2014; Dintz et al, 2020). The literature review discussed three different approaches to state intervention, which are essential in social ownership analyses and case study examinations. This section draws from the theoretical paradigms explored in the paper's literature discussions to analyse findings from our case studies. It commences with an exploration of political economy policy and regulatory choices in shaping social ownership developments. Then the discussion proceeds to exploring the state's role in ownership and asset transfers. The evidence from the case studies illustrates that government's policy and regulatory frameworks have challenged neo-liberal orthodoxy to some extent in South Africa's context. This entails going beyond the minimal state policy prescripts prescribed in neo-liberal developmentalism. However, this approach has not fundamentally altered the underlying capitalist logic shaping the country's economy.

The social ownership models described in this paper emerged on the back of government attempts to transform economic structures using state policy instruments and institutions. These interventions include providing public goods, social welfare and actively pursuing socio-economic redistribution in society through redress policies. The case studies, especially the agricultural coops and microgrid, amplify this point in several ways. State support in the form of development finance, infrastructure, skills development, regulatory reforms, redress policy frameworks and public procurement played a central role in setting up these social ownership structures. It continues to be a significant factor in sustaining these organisations, even within an overall neo-liberal macro-economic context, which has withdrawn some key state functions in society.

There are several examples cited in the case study evidence that highlight how the support measures cited above contribute towards positive socio-economic outcomes produced by the social ownership organisations. The social and public interest returns include employment creation, income generation, skills transfer, reduction of food insecurity and improving access to public goods. Small and medium enterprises in low-income communities have also gained access to procurement opportunities. However, it is equally important to note that the social ownership structures demand additional state intervention. They face structural challenges such as market access barriers, climate shocks, unequal access to public goods, limited access to factors of production and inadequate infrastructure. Members argue that government intervention is integral for addressing the persistent impediments cited above.

This view was echoed in several policy expert interviews which illuminated the state's role in assisting social ownership organisations to ameliorate structural barriers. An expert interviewee explained this point using the following competition policy example: ''Cooperatives and other types of social ownership organisations should be exempted from certain competition policy regulations. They should be allowed to share research and development, set prices, establishment agreements on joint purchasing, and coordinate how to distribute, sell, and promote products'' (Interview 1).

Similar suggestions were posited regarding the state's role in steering finance capital towards broader social returns and public interests. This was highlighted in the union NPO case study as wells as several expert interviews. Financialisaton has impacted South Africa's economy significantly since the democratic transition. Ashman, Mohamed and Newman (2013) explain that ''financialisaton has reshaped the South African economic growth path over the past two decades as capital was directed to finance and consumption and the sectors with strong linkages to these activities'' (p. 2). This view is exemplified by the growing contribution of financial and related business services sectors to Gross Domestic Product (GDP). Financial liberalisation has facilitated the dominance of established financial markets (prioritising narrow shareholder interests) within the economy rather than investing in sectors or institutions which could produce greater social returns.

The state can remedy this through legislation reforms that encourage different investment and resource allocation patterns in South Africa's economic structure. These reforms should prioritise social returns such as equitable access to development finance, employment creation, addressing intersectional inequalities, industrialisation and contributing towards low-carbon economy interventions. This applies to both private and public finance institutions' approach to risk and strategic investment mandates. Different types of social ownership organisations could potentially benefit from these financial sector reforms through increased access to grants or concessional loans. An interviewee expressed that the socio-economic impact of social ownership models can increase if "South Africa takes the bold step of using our combined assets in the financial sector to support the work we do. These assets include workers' pension funds, employee share ownership schemes, and social security funds in both private and public sectors. Surely government must ensure that this capital is channelled towards social ownership models and interventions designed to transform the economy" (Interview 4).

Public procurement was equally cited in the case studies as a significant policy instrument for supporting social ownership. The participants argue that this policy tool should be used to guarantee demand and shield different types of socially owned organisations from market-based crises which produce negative socio-economic impacts. Furthermore, expert interviewees cited how the 20th century apartheid state employed public procurement in developing social ownership in various sectors such as agriculture, finance, and manufacturing. South Africa's post-apartheid government has established a preferential procurement framework to ensure equitable access to state contracts. Yet, the evidence illuminates that broad-based ownership structures like cooperatives, community enterprises, trusts, and trade union-run companies have received minimal benefits from the framework (Cawe & Mabasa, 2020).

Consequently, interviewees from the agriculture case study stated that "people talk about preferential procurement and empowering small black producers. But if one looks at what happens in markets and distribution centres it is clear that produce from these farmers is overlooked and the bigger white commercial farmers are the biggest beneficiaries. So, we need to make sure that B-BBEE supports market access for social ownership" (Case Study Interview 2, November 2024). These perspectives on procurement resonate with successful social ownership practices from the international context. Access to state procurement opportunities was essential for sustaining the development of social ownership models and producing positive socio-economic outcomes (Bennie, 2021).

Ownership and State assets

The literature review discussion on the state's role in social ownership was not limited to policy and regulations. It equally cited public entitles and enterprises as examples of socially owned structures. These organisations meet the following social ownership principles unpacked in the literature sections: collective ownership structures; pursuit of social returns and public interest outcomes; democratic control in decision-making processes; prioritising economic coordination over competition. However, there is no consensus on whether public entities and enterprises in their current form represent models of social ownership. This divergence emanates from the corporatisation of public enterprises, which has deepened as states adopt neo-liberal policy orthodoxy.

Some South African public enterprises and entities have introduced governance structures and processes that comply with these policy prescripts. But this has not removed their legislated mandates to pursue social/public interest returns, retain collective ownership structures and account to the general public through various participatory processes. Thus, we argue that governance corporatisation has not eliminated all the core social ownership features explained above. The only difference is when the entities are privatised because this fundamentally changes the ownership structures, mandates and governance processes.

The evidence from the case studies illustrates how state ownership is accepted when it produces sufficient public/social returns, facilitates community participation, and supports broader local economic development interests. Evidence from the micro-grid case study highlights the importance of achieving these objectives when establishing state-led social ownership structures. One interviewee explained that "we supported the project because it is resolving a long-standing problem in the community: access to electricity. The inclusion of community members in the socio-economic opportunities related to building the grid was also important. We got temporary employment, income, and skills training. The local small businesses also benefitted from the contracting processes" (case study 1). However, it should be noted that this practice has not been extended into the maintenance and operations phase of the project.

The other cases studies point to a different role of public ownership in social ownership models. The aim or objective is to transfer some state assets to socially owned organisations such as cooperatives, community enterprises, trusts, and worker-led companies. These assets include land, infrastructure and equipment that assists these organisations to achieve their socio-economic objectives. This explains the call from interviewees in the different cases studies for increased access to these assets. One member of the agricultural cases study explained that "the government still owns large pieces of land in this area that can be used for productive farming and food production. It is not being used currently and small black farmers need land to support their businesses".

Overall, there are many lessons to learn from this discussion on the state's role in social ownership. Firstly, the South African state has gone beyond neoliberal policy prescripts advocating for minimal state intervention in developing social ownership. But these measures have not fundamentally transformed market structures, investment decisions, and resource allocations within the economy. Secondly, there are several areas that require additional policy and regulatory shifts to increase the impact of social ownership models on inequality and broader economic restructuring. Thirdly, state-led social ownership succeeds when there are clear social/public returns and inclusive participatory process in developing projects. Additionally, transferring state assets to a socially owned organisation is seen as an integral policy instrument for building social ownership.

7. Conclusion

The paper explored social ownership within the context of decreasing inequalities and poverty in South Africa. It also examined how various social ownership models can be used to shape the low-carbon transition. The key characteristics of social ownership include a collective ownership structure, the pursuit of public benefit, democratic control of decision-making and an ethic of cooperation or solidarity. Social ownership models, which meet the above criteria, can help to reduce inequality and support climate resilience for a just transition.

We find that socially-owned organisations contribute towards the reduction of inequality and poverty by providing social returns such as employment, improved access to public goods, skills development and social security. In addition, social ownership alleviates structural inequality by decreasing the concentration of wealth in the economy. It decreases concentration through collective ownership of wealth, income and assets, which is inherently redistributive. Another significant contribution is decreasing undemocratic and exploitative labour practices and relations. The underlying participatory decision-making principle in socially-owned entities allows worker members to determine income, working conditions and long-term development strategies of the organisation. These organisations also provide opportunities for worker-members to share wealth and assets accrued by the organisation over time. Furthermore, socially-owned models operate on social and solidarity economy principles that allow the socio-economic benefits to be distributed at the local level, which allows income and basic necessities to circulate within communities. This is markedly different from conventional ownership models in capitalist markets that extract natural resources, and exploit infrastructure, public goods and employees for private wealth accumulation.

The analysis points to the following four salient lessons for developing successful social ownership models. Firstly, social ownership models are not new in South Africa. There are contemporary and historic examples from which we can draw lessons and experiences of success. We have seen some success in cooperative models in the agriculture sector. These should be highlighted and developed further, through state support for equipment, land access, financing and market access. Municipal ownership models can be successful in the energy sector. The public entity model is not organised around the principles of cost recovery or increasing commercial value. It is primarily designed to address energy poverty as well as attain other socio-economic benefits. Public entities also take on more risks in establishing renewable energy projects that conventional private sector companies would not explore.

Secondly, it is very difficult for social ownership models to succeed in a neoliberal economic environment. It is important that the state plays an active role and creates a conducive macro-economic and regulatory policy context for achieving intended socio-economic outcomes like reducing inequality and poverty. Impactful social ownership requires policy instruments that remove or significantly ameliorate structural barriers in markets. A regulatory state approach, which uses minimal state coordination in economic transformation processes, leaves social ownership organisations vulnerable to systemic market power imbalances and periodic crises. This paper has suggested some essential interventions to take this recommendation forward. These cover essential areas such as competition, procurement, and financial sector policy reforms.

The competition reforms should focus on decreasing barriers to market access for socially owned organisations. Market concentration is a significant challenge in South Africa and competition legislation should be used to address this in the context of social ownership. Some key interventions include exempting socially-owned enterprises from certain competition regulations as well as taking up recommendations from various sector specific market inquiries instituted by the Competition Commission. In addition, public procurement can address the demand challenges faced by socially-owned entities. A portion of fiscal and social wage expenditure should be ring-fenced for socially-owned organisations. For example, agricultural cooperatives should be prioritised in the government's school nutrition and social transfer programmes. Financial sector reform is equally important. One policy interviewee captured this well:

> "South Africa takes the bold step of using our combined assets in the financial sector to support the work we do. These assets include workers' pension funds, employee share ownership schemes, and social security funds in both private and public sectors. Surely government must ensure that this capital is channelled towards social ownership models and interventions designed to transform the economy" (Interview 8).

Public finance sector reforms are equally important for supporting social ownership. Especially in areas of development finance, procurement spend and social infrastructure. The current path of fiscal consolidation and austerity constrains the space for socially-owned organisations to receive the required support in the policy areas mentioned above.

Thirdly, embedding organisational cultures that rest on participatory and bottom-up decision-making is a necessity for sustaining social ownership models. It makes it easier to engage in solidaristic economic planning and coordination activities, which include pooling assets, finance and bargaining collectively. These are key social ownership tenants that differentiate this approach from conventional private property ownership. The institutional design of participatory and bottom-up decision making will not be uniform in all socially owned organisations. This flexibility should be acknowledged and accepted without overlooking minimum standards. Our paper provided insights into common successful governance principles that cut across different social ownership categories.

Participatory decision-making operates well when governance regulations are codified and explicitly documented. It is equally important to set up national institutional structures that facilitate this type of decision-making. An additional point emphasised in the study is ensuring that structures are broadly representative. Age and gender representation was emphasised as an important consideration in establishing decision-making structures. The participatory models must accommodate a balance between day-to-day operations and overall long-term strategic decision-making. These case studies highlighted the importance of creating a multi-layered decision-making process that allows managers or employees to take operational decisions autonomously while still being accountable to committees or boards. Incentives schemes for board-members should be devised to avoid losing institutional memory and experience.

Finally, the key indicator of a successful social ownership model is the public benefit and social return. This means that we cannot assess cooperatives and other models of social ownership on their financial success, but rather their social benefit. Understanding this key differentiator requires a significant shift in standard valuation processes that is necessary to support a more equal economy and society to the benefit of all.

Social ownership is therefore an important measure to support a just transition in South Africa, in combination with other progressive initiatives. Based on our case studies of different forms of social ownership, we conclude that they all support redistribution and public benefit and should be supported. Further research is required to determine which model of social ownership might be most appropriate for different sectors and what their comparative impacts on inequality might be.

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