

Reimagining the Economy: The Social Justice Enterprise

by Aaron Tanaka

Can you “do good while doing well?” asks Aaron Tanaka. “The risks to businesses and our communities are systemic and propelled by the concentration of wealth, the monopolization of industry and data, and the extraction of labor and the living earth in an insatiable race for profits. SJs offer an addition to the U.S. social movement ecosystem by articulating a proactive role for businesses to support and sustain grassroots change.”

Editors’ note: In this article, Aaron Tanaka, director of the Center for Economic Democracy and cofounder of the Boston Ujima Project, envisions a new approach for economic development that is centered on the concept of a “social justice enterprise”—an enterprise that, beyond the social enterprise of “doing good,” actively has social justice embedded in the DNA of the values of the business. This vision is being piloted on a small scale in Boston through the Boston Ujima Project, but holds promise to guide many efforts to rebuild the economy from the bottom up nationwide.

THE BELIEF THAT YOU CAN “DO GOOD while doing well” has entered the mainstream. Evidence of the trend ranges from the popularity of certifications like B Corp and the institutionalization of social enterprise as an academic field to the popular appetite for critiques of the concept—like that of Anand Giridharadas, in his best-selling book *Winners Take All*.¹ In fact, the idea that merely scaling these solutions can solve society’s most intractable problems is, at best, an incomplete theory of change. The most successful capitalist firms understand that competition within markets alone is a failing strategy. Politics and culture determine the winners of the economy, and the winners of the economy dictate politics and culture. Corporate allocations for lobbying, political action committees

(PACs), and advertising are examples of this logic at work.

The outcome of this system is a rigged competition in which social enterprises are up against Walmart, Amazon, and other monopolies of the modern era. Here, economies of scale are fortified by subsidies and tax breaks, trade policies and supply chain interventions, regulatory and contractual favoritism, and a myriad of other proverbial fingers on the scale.

Countervailing Capital

In a practical way, business associations of color and social enterprise alliances that engage in public policy advocacy actively seek to counterbalance the monopolistic market terrain. National networks like the American Sustainable Business Council, the Business Alliance

for Local Living Economies, and the U.S. Federation of Worker Cooperatives all propel these strategies.

Additionally, a growing number of grassroots organizations and social movement networks are putting their political weight behind a more radical subset of the social enterprise sector. Groups like the Restaurant Opportunities Center United and the National Domestic Workers Alliance have incubated worker-centered enterprises in the historically exploitative sectors of food service and care work. The Movement for Black Lives platform, the national Right to the City Alliance, and the New Economy Coalition have all articulated a vision for taking land out of the market by tapping into cooperative and community-owned real estate structures.

Often under the banners of new

economy, solidarity economy, economic democracy, and “Just Transition” strategies, these efforts advance specific private sector models that can exist in the capitalist economy while also subverting it. Movement Generation—based in Oakland, California—posits that “the heart learns what the hands do.” This formulation calls upon movement activists to “show, not tell” the possibilities for the future.

Building momentum from small, successful models, the social justice ecosystem builds our collective muscles for economic self-governance and leverages grassroots political power to win policy solutions that disrupt the “race to the bottom economy” in order to help grow alternatives. Rather than bending to the system, we bend the system to us.

Origins of Social Justice Enterprise

At a local scale, this approach is manifested through the Boston Ujima Project (Ujima), a nationally recognized economic democracy pilot launched in 2017. Ujima is a start-up business and finance ecosystem governed by Boston’s working-class communities of color that includes over two dozen local businesses.² Ujima’s ecosystem also includes the nation’s first community-controlled loan fund where every member has an equal vote on investment decisions, regardless of their personal financial stake.

Led by Boston’s grassroots organizations, Ujima is also creating a “Good Business Certification” to reflect the community’s demands for better policies, such as “Fight for 15” and “End the subminimum wage.” The “top tier” of Ujima’s Good Business Certification not only reflects the labor, ecological, and social standards that are expected from community-oriented companies, but also enrolls these firms as centers for building political power in a movement for racial, gender, and economic

justice. Ujima calls these businesses “social justice enterprises.” The idea is that SJEs operate in relationship with and supported by grassroots networks, while also playing a protagonist role in the political and cultural struggle for transformative change.

Contradictions of Capital versus Community

In the face of the dramatic deterioration of organized labor, the need to reconceptualize social movement strategy is palpable. With a reduction from 35 percent of the U.S. private sector labor force—at the height of the labor movement in the 1950s—to 10.5 percent today (and only 6.4 percent in the private sector),³ the labor movement has had to expand its efforts to improve the quality of jobs held by nonunionized wage earners.

SJE s offer a workplace organizing strategy focused on the 47.5 percent of the U.S. private workforce (as of 2018, 58.9 million people) employed in the small business sector.⁴ Like multinationals, small business owners can be responsible and fair employers—or not. But unlike big businesses, many small business owners are working-class people of color themselves, who own and operate companies in the same communities where they live. These owners occupy a contradictory class position, facing pressure to extract profits from their workers and environment, while connected personally with the economic and political interests of their communities and employees.

It is certainly true that some small business owners are “bad actors” and should be challenged through an array of well-tested legal and campaign strategies. But a large number of these family and community entrepreneurs not only see their enterprises as a vehicle for “giving back” but also have direct economic interests that are in

opposition to a multinational corporate agenda—and it is with this segment of community-oriented business owners that the social justice enterprise finds an opportunity to gain a foothold. SJE s seek not only to model structures and practices for the future of good business but also to leverage their political, cultural, and economic assets to create a more just society.

Ujima’s Three Pillars of the Social Justice Enterprise

1. Stakeholder Ownership and Control

SJE s voluntarily integrate operational and community stakeholders into their governance and distribute ownership benefits to those who produce value for the enterprise. Efforts to democratize ownership and control of the business unit should be seen as a central arena for contestation and innovation in the modern economy.

A. Stakeholder Ownership

A central feature of stakeholder ownership for any enterprise begins with distributing economic ownership to the employees whose labor is essential for the creation of enterprise value. For example, worker cooperatives are fully owned by employees, who each have an equal ownership stake. Employee stock ownership plan companies (ESOPs) permit either full or partial employee ownership of a firm. While some companies originate as worker-owned companies, many more become worker owned over time. For many businesses, the allocation of ownership to customers, community members, and vendors may also be appropriate.

B. Worker and Consumer Democracy

Workplace democracy is an essential feature of an SJE. In addition to

empowering employees with corporate governance and voice, SJE can engage with a range of stakeholders who are impacted by their operations and business decisions. SJE may reserve board seats for customers or community members, or recognize elected consumer or community councils with delegated powers or roles in decision making. SJE may also consider customer referendums or informal surveys to inform major corporate decisions that could impact those stakeholders.

C. Community Collective Bargaining

While democratic structures help anchor worker control over a firm, an SJE also embeds itself, where possible, into community-governed structures that establish business practices that reflect the values and interests of the broader community. In Boston, the Ujima Project's Good Business Certification enforces labor, operational, and marketplace standards that are democratically ratified and updated by membership of Boston's working-class residents of color. In the absence of community-governed structures, SJE can submit to other business standard and certification regimes—whether B Corp certification or industry-specific recognitions.

2. Social Impact and Community Benefit

SJE pursue inclusive living-wage employment, provide enriching goods and services, and adopt ecologically restorative business systems. This commitment to achieving community impact through business operations is embodied by the social enterprise movement that precedes the SJE. But SJE articulate more explicit expectations for labor rights and worker power as a constituent

feature. Though structures for stakeholder ownership and control ensure a degree of worker self-governance, proposals for workplace mediation and union neutrality institute a layer of employee protections through independent and parallel channels.

A. Workforce Inclusion and Labor Rights

With SJE, workforce inclusion is a central strategy for creating social impact and community benefit. In addition to hiring inclusive workforces, SJE can integrate best practices for guaranteeing labor protections into their operations. SJE commit to using third-party mediation services to provide workers with a forum to contest disciplinary actions or process grievances. SJE also partner with worker centers or worker service networks to offer labor rights education, workforce development resources, and other benefits to uplift the protections and resources available to employees.

B. Regenerative Business Practices

A central community benefit generated by SJE must be the regeneration of our natural ecosystems. Ecological practices begin with efforts to reduce environmental harm generated by “business as usual.” A regenerative enterprise, however, requires practices that not only do less harm but also repair and replenish the environmental systems upon which our economy and human life depend. Transitioning to 100 percent renewable energy, adopting zero-waste practices, incentivizing suppliers to adopt industry best practices, and implementing policies that actively contribute to the mending and regeneration of our ecosystems all reflect this distinction.

C. Positive Products and Service
As a business principle, SJE are committed to providing or producing goods and services that contribute to the well-being of customers, communities, and the planet. Businesses delivering products or services used for repressive or extractive purposes are disqualified as SJE, regardless of the ecological or labor benefits that accrue from their operations.

3. Worker and Community Power

The most distinct contribution of the SJE is to galvanize private sector assets to build grassroots political power in oppressed communities and communities of color. While social justice organizing has largely partitioned political power-building strategies to nonprofits, labor unions, and faith organizations, the SJE engages the small business sector as an essential force for building social movements. SJE offer new infrastructure to activate workers, owners, consumers, vendors, and investors to build independent political power and the capacity for grassroots governance.

A. Worker Organizing and Policy Advocacy

SJE support efforts to organize their workforces as educated and engaged actors for social change. SJE partner with social movement organizations to provide political development and civic engagement opportunities for employees on the job. The organizing ethic of an SJE centers the agency of workers to ultimately express and act on their own beliefs and interests.

B. Electoral Engagement and Mobilization

As private firms unencumbered by nonprofit 501(c)(3) rules, SJE offer infrastructure to advance electoral and political mobilizations in historically underrepresented communities. As labor unions decline, SJE seek to diversify the sources

of working-class political power by retooling small businesses as sites for electoral engagement.

For example, businesses can offer paid time for employees to door-knock for candidates, or even bundle donations for aligned political campaigns. Retail and consumer-facing companies can serve as voter registration locations, sources for election information, and hubs for voter turnout efforts. SJE's leverage private space for public mobilization.

C. Social Movement

Infrastructure

As a new sectoral partner within a broader social movement ecology, SJE's help resource frontline organizations and coalitions. SJE's can help curb nonprofit dependence on charitable foundations and large donors. As oppressed communities organize to resist corporate extraction and state violence, SJE's activate business owners to join as full agents and partners in the struggle for justice and democracy.

Pathways to Scale

SJE's, in short, can help articulate a holistic and ambitious vision to transform small business to be a progressive force. As acknowledged, small social entrepreneurs are often already disadvantaged in the market. The ability to integrate many of these practices can be costly, time consuming, and even "bad for business." Therefore, the proliferation of SJE's requires an expanded orientation by grassroots organizations and unions—from one of protest and opposition to also include partnership and mutual accountability with local aligned businesses. SJE's are positioned to model the future we seek while building a more democratic economy. The

risks to businesses and our communities are systemic and propelled by the concentration of wealth, the monopolization of industry and data, and the extraction of labor and the living earth in an insatiable race for profits. SJE's offer an addition to the U.S. social movement ecosystem by articulating a proactive role for businesses to support and sustain grassroots change. Beyond "doing good while doing well," SJE's join the struggle against class, race, and gender-based oppression, leveraging their private assets for a more enduring public good.

NOTES

1. Anand Giridharadas, *Winners Take All: The Elite Charade of Changing the World* (New York: Alfred A. Knopf, 2018); and see Amy Costello, "Winners Give More, But Their Giving Reinforces Elite Power," *Tiny Spark* podcast, *Nonprofit Quarterly*, September 25, 2018, nonprofitquarterly.org/2018/09/25/winners-give-more-but-their-giving-reinforces-elite-power/.
2. See "Boston Ujima Project," Ujima Good Business Directory, indd.adobe.com/view/fb564986-c39a-4f5e-a7f6-3a201f3a0ed9.
3. Bureau of Labor Statistics, press release, "Union Membership (Annual) News Release," January 18, 2019, www.bls.gov/news.release/union2.htm.
4. U.S. Small Business Administration Office of Advocacy, "2018 Small Business Profile," accessed February 26, 2019, www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf.

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