

'For-benefits': A new economic order for the post-Covid era

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Bommi is an indigenous tribal farmer living on the fringes of Bandipur National Park in Karnataka. Each year, she grows ragi on her two-acre land. For their assistance in the harvesting of the crop, her relatives and neighbours are rewarded with a few bags of ragi, depending on how much she has reaped in that year. This year was no different, and before the Covid-19 pandemic, Bommi was waiting for the harvested crop to be threshed. Unfortunately, things did not go as planned and the ensuing lockdown and social distancing meant that she had no one to help her with the threshing. She not only worries about herself, but also about all her landless neighbours and relatives.

Life as we know it has changed drastically not just for Bommi but for all of us around the world. Global leaders and millions of citizens are facing the challenge of a lifetime. The Covid-19 pandemic is threatening not only healthcare systems, but also the livelihoods of citizens and

the stability of economies. With talk of stimulus and financial packages doing the rounds, this may be the right time to ask the question, is it sensible to go down the beaten path without exploring viable alternatives?

The current economic model thrives on consumption and the paradigm of markets reigning supreme. There is little space for concepts like community, equity, fairness and justice. All participants in the economy operate on the principle of "profit maximization" and have little time or patience for exploring options of making it more "compassionate" or "soulful". Though there is talk of the triple bottom line, there is not enough traction to make a significant impact on the way in which the planet and other living creatures on it are addressed. What is required now is not just a new narrative but a new way of operating itself. This new economic model needs to borrow the DNA of creating surplus value and sharing it, something that Bommi and other indigenous communities like hers have practiced for generations.

The current crisis has raised several questions, the answers to which can form the basis of this new economic order. Questions like, what kind of jobs are important? What is the value that several jobs in the informal economy offered? Does legal ownership mean that the maximum benefit flows only to the owner? Who is to be considered economically important and relevant and given appropriate focus? Does economic growth have to result in environmental degradation?

We are beginning to see several roles ignored earlier, as critical and important to society now. The crisis has also shown that behaviour change is possible and collective action can be achieved. Interconnectedness is now more visible and big business has begun to take a relook at the value chain. The crisis and the response has also exposed the strengths and limitations of different sectors — private, public, and the NGO world. It is also forcing us to redefine what constitutes 'public good'. We have learnt that human life is important, but its importance is intricately and inseparably linked to oth-

er lifeforms in particular and the life of the planet in general. Words like planet, people, profits and peace (the 4Ps) can no longer be fashion statements but have to become an integral part of our lives and lifestyles.

Drawing lessons from this, we now need to fashion a new economic narrative that needs to shift from mere financial bottom-line to other issues, like creating and sharing benefits, stakeholder roles, sectoral strengths, interconnectedness, and life's priorities. We have to now move towards forming democratically self-managed companies keeping the interests of all the stakeholders involved. Legal ownership, decision-making, remuneration and profit-sharing has to be made on an equitable basis, driven by the 'value' that each stakeholder brings and the benefits that accrue by this value.

The emerging disparate examples from around the world indicate that 'for-benefits' are a rapidly growing class of organisations that are giving rise to a new, fourth sector of the economy. Like non-profits and government agencies, 'for-benefits' pursue

a wide range of social and environmental objectives as their primary purpose. Like for-profits, 'for-benefits' primarily earn their revenues by selling a broad range of products and services that improve quality of life for consumers, create jobs, and contribute to the economy. The two defining characteristics that distinguish 'for-benefits' from other organisational models are their primary commitment to social purpose, together with a predominantly earned-income business model.

Other characteristics encompass inclusive ownership, stakeholder governance, fair compensation and reasonable returns on their products and services. The 'for benefits' strive to ensure that social and environmental performance is constantly improved throughout the stakeholder network. High standards of transparency ensure that social, environmental and financial performance and impact are fully and accurately assessed and reported. Social-purpose assets are preserved upon dissolution, conversion, or ownership transfer. Farmer Producer Organisa-

tions (FPO) in India would come closest to qualify as 'for-benefits'.

Unlike traditional for-profits and non-profits, which are legally distinct and recognised entities, 'for-benefits' lack formal recognition and common definition because the sector has been emerging in a highly distributed and fragmented way all around the world. Creating and building on this new model is not an easy task; one needs to create a new narrative, a new definition, a new language and a new understanding. We need to build awareness of what are the benefits and for whom and why. We need policies and government buy-in. We need a toolkit to operationalise the benefit economy and institutions to train and provide support for these new entities. Agencies to monitor and evaluate the benefits have to be created. This is a lot of hard work and this is the opportune time to begin. This may all sound politically impossible, but the Covid crisis is pushing it to become politically inevitable.

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