

# Five FairShares Values and Principles

This document describes the FairShares Model values and principles adopted by:

- FairShares Association Ltd ([www.fairshares.coop](http://www.fairshares.coop))
- FairShares Labs for Social and Blue Innovation ([www.fairshareslab.org](http://www.fairshareslab.org))
- FairShares Institute for Cooperative Social Entrepreneurship ([www.fsi.coop](http://www.fsi.coop)).



## 1. Wealth and power sharing amongst primary stakeholders

A FairShares enterprise structures itself as a company, co-operative, association or partnership that advances equality and equity between members, stakeholder groups and trading partners. Any wealth created is shared fairly amongst founders, producers, users and investors to promote mutuality and reciprocity. It does this in several ways - through membership rights; through issuing shares (in companies and co-operatives); through creating funds that directors, workers and users can each decide how should be spent. This inclusive approach encourages participatory management and governance that spreads decision-making to all primary stakeholders and gives them a voice in the decisions that affect the future of their joint enterprise.

## 2. Specification of social purpose(s) and auditing of impact(s)

The members of a FairShares enterprise are empowered by their constitution to establish social goals (such as specific improvements to their own, their community's and the wider environment's health and well-being). The achievement of these goals can be reviewed through social auditing (provided for within model FairShares constitutions). Social auditing is a process for checking with stakeholders whether the economic, social and environmental outcomes desired are being achieved, and for deciding what to do if they are not.

## 3. Ethical review of the choice of goods/services offered

The managers and members of a FairShares enterprise are encouraged to think carefully about the well-being that their joint enterprise creates (or could create) through designing and offering products and services. In short, there is a commitment to creating goods/services that are good for people, society and the environment (a triple-bottom line outcome). If it is not possible to create products and services that improve well-being, this should trigger debate on stopping production.

## 4. Ethical review of production and retailing processes

The managers, workforce and users of a FairShares enterprise's products and services are encouraged to consider how the process of production and retailing affects members, society and the environment. In short, there is a commitment to producing and retailing goods/services in a way that enhances the well-being of the stakeholders who produce and consume them. If it is not possible to produce or consume in a way that advances well-being and/or improves environmental management then debates should take place on stopping production or adopting alternative production / consumption practices.

## 5. Social democratic ownership, governance and management

A FairShares enterprise seeks to extend ownership amongst all primary stakeholders directly affected by its operations (founders, producers, users and investors) so that they have a clear right to participate in decisions on how the capital they contribute is managed. 'Capital' within a FairShares enterprise is understood to include [natural capital](#) (resources provided by nature – e.g. air, water and minerals), [manufactured capital](#) (tools, machinery and premises), [social capital](#) (networks of people), [human capital](#) (workers' energy, skills and abilities), [intellectual capital](#) (workers' ideas and designs) and [financial capital](#) (contributions of money). The goal of the model is to compensate the providers of each type of capital fairly and equitably.



# Linking values and principles to key questions

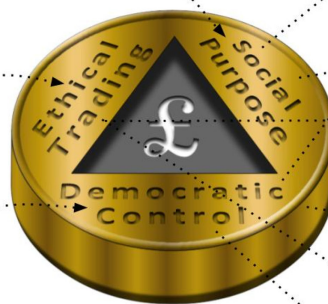
To build an enterprise, values and principles need to be explored concretely through a series of questions. In the Figure below, we set them out and link them to questions that members of a new FairShares enterprise can answer.

## A model, process and method driven by values and principles



### Five Values and Principles

- Wealth and power sharing with primary stakeholders;
- Specification of social purpose(s) and auditing of social impact(s)
- Ethical review of the choice of goods/services offered;
- Ethical review of production and retailing processes;
- Social democratic models of ownership, governance and management.



### Six Key Questions

1. How can you configure the ownership, governance and management systems to distribute wealth and power to all stakeholders?
2. What is the purpose(s) of your enterprise (network)?
3. What values and principles guide the choice of goods/services offered?
4. Who are your primary (secondary) stakeholders?
5. What values and principles guide production and consumption?
6. How are the social, environmental and economic impacts reviewed?

RELEVANCE  
FEASIBILITY  
SUSTAINABILITY

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