

CREATING A SPACE IN THE MARKET

Social Enterprise Stories in Asia

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With a Foreword by Eduardo A. Morato, Jr.

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ABOUT THE BOOK

The launching in January 2002 of a Master in Entrepreneurship for Social and Development Entrepreneurs (MESODEV) by the Asian Institute of Management (AIM) signaled the start of its proactive efforts to develop economic change agents who are masters in the art of nurturing enterprises that serve the objectives of social equity, environmental sustainability, and improving the quality of life of people and communities.

MESODEV built on the success of the Master in Entrepreneurship (ME) pioneered in 1997 by the Asian Center for Entrepreneurship (ACE), an 18-month course in creative leadership, catering to small and medium as well as corporate entrepreneurs. MESODEV also built on the earlier offering of Social Entrepreneurship and Enterprise Development (SEED) under AIM's Master in Development Management course.

To support MESODEV, AIM put in place a research program on social and development entrepreneurship in January 2001. Building on the research conducted in the 80's and the 90's on SEED, the 2001 research studied that were considered significant or exemplary practices involving market engagements by development practitioners in the Philippines as pilot area. This research yielded case studies involving a variety of actors promoting or practicing social entrepreneurship – cooperatives, small enterprises, microfinance institutions and rural banks, nongovernmental organizations, business foundations, schools, national government agencies, and local government units, as well as specialized institutions such as intermediary marketing organizations espousing fair trade and business development service providers catering to micro enterprises. The rich array of initiatives spoke the growing importance of market engagements among development practitioners in civil society and the public sector.

About the same time, the Conference of Asian Foundations and Organizations (CAFO), a network of grant-making and implementing institutions across 11 countries and territories in Asia, had taken an interest in social entrepreneurship as a thematic area of involvement.

In particular, CAFO's membership in the Philippines – notably, Philippine Business for Social Progress (PBSP), the Philippine Rural Reconstruction Movement (PRRM), the

Foundation for the Philippine Environment (FPE), the Philippine Educational Theater Association (PETA), Synergos-Southeast Asia, and the Sarmiento Foundation – started to collaborate with AIM’s Program on Social and Development Entrepreneurship to do additional research on social entrepreneurship initiatives in the cultural industry and agribusiness.

In 2002, CAFO Philippines further collaborated with PBSP in pursuing a research project on social entrepreneurship covering the Philippines, Thailand and Indonesia. CAFO-Philippines focused on documenting the experiences of the members – namely, PETA, PBSP, and PRRM – in social entrepreneurship among researchers and practitioners in the Philippines, Thailand and Indonesia in a workshop entitled “Civil Society Resource Organizations (CSROs) Engaging the Market”. This was held in Bangkok, Thailand from February 19 to 20, 2003.

CAFO Philippines also held several workshops with AIM’s Program Director for Social and Development Entrepreneurship to synthesize insights from the various research projects. In this sense, CAFO-Philippines acted as a reference group of social and development entrepreneurs, exploring social entrepreneurship and social enterprise development from the research insights gathered. It was with members of CAFO-Philippines that an initial effort at defining strategies in social enterprise development was made.

On the strength of a proposal from CAFO-Philippines, the CAFO Executive Committee, of which AIM’s Program Director for Social and Development Entrepreneurship is also a member, endorsed a joint research project on social entrepreneurship covering Thailand, Indonesia, and India, to complement what had already been done in the Philippines. This paved the way for the AIM-CAFO Research project on Social Entrepreneurship, which was subsequently supported by the Japan Foundation Asia Center in April 2003. CAFO requested that AIM serve as project holder.

Preparatory activities culminated in a planning workshop on August 28 and 29, 2003, at the AIM Conference Center in Makati City, Philippines. Building on the Philippine research output, the AIM-CAFO research project involved CAFO members and partners in India and Indonesia, and Thailand in documenting three exemplary cases on social entrepreneurship in each of these countries. The collaborating institutions were the National Foundation for India (NFI), the Public Interest Research and Advocacy Center (PIRAC) in Indonesia, and the Center for Philanthropy and Civil Society of the National Institute of Development Administration (CPCS-NIDA) in Thailand. PIRAC and NFI are both CAFO members.

While the case research for India, Indonesia, and Thailand took place over the past year under the auspices of the AIM-CAFO Research Project on Social Entrepreneurship, this book, *Creating a Space in the Market: Social Enterprise in Asia*, can more appropriately be considered the result of the more than three years of collaborative research earlier described.

An engagement was reached during the August 2003 planning workshop that the cases to be chosen would be illustrative of the functional definition of a social enterprise laid out in Chapter 1 of the book. It was also agreed that the cases would explore the five life forces affecting the development of social enterprises as defined by Eduardo A. Morato, Jr – the initiators or leaders, their markets and external environment, the products or services offered, as well as the operations and the organization of the social enterprises.

The choice of the cases in Indonesia, India and Thailand was largely a result of what the collaborating institutions considered to be exemplary or significant initiatives in social entrepreneurship in their own country and organizational contexts. The actual choice of cases for the three countries was also influenced by limitations of time and resources.

The cases for the Philippines were drawn from the collaborative research of CAFO-Philippines with the Philippine Business for Social Progress and AIM's research on social and development entrepreneurship. Given the wide array of Philippine cases available, it was the project's director and editor's judgment on the balance of cases and insights to be shared that became the basis for the actual choice of cases.

The book is divided into five parts.

Part I, "An Introduction for Social Entrepreneurship" comprising Chapters 1 and 2, explores the concept of social entrepreneurship and the social entrepreneur, how a social enterprise is different from a traditional business, and the value of studying social entrepreneurship as a distinct phenomenon to corporate social responsibility. It focuses on the poor as stakeholders of the social enterprise and introduces three strategies in social enterprise development from the perspective of serving the interests of the poor and of marginalized stakeholders. These are the empowerment, intermediation and resource mobilization strategies.

Part II, "Empowerment and Social Entrepreneurship," contains four cases showcasing variations of the empowerment strategy. Empowerment strategies address the need for the poor to own and control the social enterprises themselves. Chapter 3, 4, 5 are cases demonstrating direct empowerment where the marginalized stakeholders have ownership and control over the social enterprise at the point of inception. Chapter 6 demonstrated the devolutionary empowerment strategy where the marginalized sectors are capacitated to become the owners and managers of the social enterprise over time.

Part II, "Hastening Impact through Intermediation," demonstrates variations of the intermediation strategy of social enterprise development. Chapters 7 to 12 show social entrepreneurs among the non-poor who were driven by a social mission to set up enterprises dedicated to providing the poor with access to much needed services or to enable them to become effective players in a competitive market. Intermediation strategies tend to have greater outreach among the poor over shorter periods of time relative to empowerment strategies.

Part IV, “Perspectives for Addressing Sustainability” showcases two civil society organizations that evolved organizational strategies addressing financial sustainability consistent with their vision and mission. Beyond demonstrating the resource mobilization strategy of social enterprise development, Chapters 13 and 14 also show the opportunities and challenges of using market-based approaches to generate income to sustain development interventions and organizations.

Part V, “Creating a Space in the Market,” contains the concluding chapter of the book. It presents insights into social entrepreneurship gained from the 13 cases studies, and shows the potentials of the three strategies of social enterprise development in complementing each other towards creating a greater space for the poor to become significant players in the Asian marketplace.

This book, *Creating a Space in the Market: Social Enterprise in Asia*, is a joint offering of AIM and CAFO to the brave souls who are working, and aspiring, to change the rules of the market so that Asia may become a more equitable and sustainable place to live in.

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