

SOCIAL ENTERPRISES AND THE POOR: TRANSFORMING WEALTH

Author: Dr. Marie Lisa Dacanay

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PREFACE BY DR. TONY LA VINA

Practitioners of social enterprises in developing countries or the South have for the past few decades engaged the poor as stakeholders in efforts to find innovative solutions to poverty and inequality. However, the poor and the South continue to be under-represented in scholarly research on social entrepreneurship. This is the context and the subject of interest of Dr. Marie Lisa Dacanay in her PhD dissertation, SOCIAL ENTERPRISES AND THE POOR: Enhancing Social Entrepreneurship and Stakeholder Theory.

The Institute for Social Entrepreneurship in Asia, the Ateneo School of Government, Oxfam and Oikocredit saw the relevance of her solid pioneering research, not only for scholars, but for social entrepreneurship practitioners, policy makers and supporters alike. Thus we have come together to publish a popular version now entitled, Social Enterprises and the Poor: TRANSFORMING WEALTH.

Dr. Dacanay studied an interesting sample of three pairs of social enterprises: Alter Trade Group (ATG) and Upland Marketing Foundation Inc. (UMFI); the National Federation of Cooperatives of Persons with Disability (PWD Fed) and Tahanang Walang Hagdanan (Tahanan); Lamac Multi Purpose Cooperative (Lamac MPC) and Cordova Multi Purpose Cooperative (Cordova MPC). These pairs were purposively selected to represent different ways that the poor were engaged as stakeholders: as suppliers, as workers, and as clients. In half of these cases, the poor were also owners.

By tracking the roles and role changes of the poor in these social enterprises over a period of 15 to 38 years, and analyzing how and why these roles changed, or did not change, Dr. Dacanay uncovered three models of stakeholder engagement with the poor as primary stakeholders: control, collaboration and empowerment. The control model, where the poor are engaged as passive beneficiaries is associated with mission drift among social enterprises. The collaboration and empowerment models where the poor are engaged as transactional and transformational partners, respectively, impact differently on the poor.

Taking off from Nobel Laureate Amartya Sen's definition of poverty as capability deprivation, she concludes with a very powerful and important insight: that it is when the poor are engaged as transformational partners, when they are enabled to act in collectively overcoming their dire situation that they progress out of poverty. When they are merely engaged as transactional partners, as workers, suppliers or clients, they may have access to much-needed services and employment. However, they may remain in a continuing state of poverty, of capability deprivation.

These and the other findings from her research are invaluable insights and points of action for practitioners, supporters, teachers, and scholars of social entrepreneurship, not only in the Philippines but in other countries as well.

It is noteworthy that the findings of her thesis has in part inspired the formation of the Poverty Reduction through Social Entrepreneurship (PRESENT) Coalition as a voice of the emerging social enterprise sector in the Philippines. The Coalition is now lobbying for a bill to recognize and support social enterprises as major partners of the Philippine government in poverty reduction.

Dr. Dacanay aptly discusses the PRESENT Bill and Coalition as a postscript in this book. Given the phenomenon of economic growth that has not made a dent on the lives of the Filipino poor, the Aquino government needs to seek a more innovative way forward. Dr. Dacanay provides a compelling argument for government to support the development of social enterprises that would pursue transformational partnerships with the poor in strategic economic subsectors, as part of a national strategy to overcome poverty.

Social enterprises do not only create wealth but also serve as mechanisms to distribute the wealth they create among the poor as their primary stakeholders. With a critical mass of social enterprises as actors in the national economy, the wealth they create would serve not only to generate inclusive growth but more importantly would transform the poor to become the empowered citizens they ought to be. This is the message of hope that Dr. Dacanay leaves behind in Social

Dr. Antonio La Viña

Dean, Ateneo De Manila University School Of Government (ASoG)

Chair, Institute for Social Entrepreneurship in Asia (ISEA)

Co-Convenor, Poverty Reduction Through Social Entrepreneurship (PRESENT) Coalition

ENDORSEMENTS

Dr. Dacanay breaks new ground in explaining social entrepreneurship -- moving well beyond the "American school" of social entrepreneurs (focusing on the individual) and beyond the "European school" (focusing on the firm). Dacanay constructs a more compelling and integrated social entrepreneurship, which could be called the "empowerment" or the "South" school. Finally we have a book that presents a paradigm of social entrepreneurship as empowerment alongside careful case studies. A must-read book for those who have been waiting to understand social entrepreneurship not as a new buzzword but under the umbrella of a broader vision of alternative development and a better world for the marginalized and dispossessed. — Dr. Robin Broad, Professor, American University, Washington, D.C., author of *Development Redefined: How the Market Met its Match and Plundering Paradise*

It is a good idea to publish a popularized version of Marie Lisa M. Dacanay's Ph.D. dissertation. The dissertation has a wide coverage and shows different stakeholder engagement models of social enterprises. This research, I believe, will be regarded as a valuable reference for anyone studying and teaching social enterprise development. Social entrepreneurs who do social entrepreneurship just based on their own experience will benefit from its insights. I am certain that this book would be relevant not just in Indonesia but also in the whole of Asia, where serious social entrepreneurship research is still very rare. I congratulate Marie Lisa Dacanay for the excellent work! — Bambang Ismawan, Founding Chair, Bina Swadaya, Indonesia

This book introduces a nuanced concept of 'social enterprises with the poor as primary stakeholders' in a developing country context. I believe these social enterprises are key to building a resilient and transformational growth for people facing poverty and inequality. The cases and findings reflected in this book resonate with our own experience and perspectives in Oxfam. Going beyond a transaction-based engagement for economic growth to a transformational change in the lives of poor, especially women while creating financial, social, and environmental good holds the key to Asia's collective future. Those of us who would like to see social enterprises play a crucial role to achieving this goal would find as useful guideposts the author's insights for action on the 'collaboration and empowerment models of stakeholder engagement'. — Amit Vatsyayan, Regional Manager-Economic Empowerment, Oxfam GB Asia, Thailand

This is invaluable in the poverty discourse – the poor speaking of their engaging journeys towards wealth creation as primary stakeholders and drivers of their own enterprises and not as mere suppliers, workers or recipients of CSR or poverty-alleviation projects. The framework just as importantly offers parallel insights on how those supporting social entrepreneurship for poverty reduction and equitable development can really put the poor front and center, integrate ethical considerations into investment decisions, focus on long-term value creation and provide strategic support to these models for inclusive growth and maximizing social impact. This is a "must-read" for all social investors. — Maria Theresa Pilapil, Regional Director, Oikocredit Southeast Asia, Philippines