

If not for profit,
for what and how?

S O C I A L
E N T E R P R I S E

Social Enterprises with the Poor as Primary Stakeholders: Responding to State and Market Failures in the South

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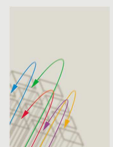
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Abstract

This paper presents a framework for understanding how social enterprises engage the poor and address poverty, a pressing global problem of the 21st century. It introduces social enterprises with the poor as primary stakeholders or SEPPS as a conceptual construct of a major type of social enterprise. SEPPS are characterized as responses to the failure of state and market institutions to serve the needs of the poor in developing countries or the South. Using case-based theory building as methodology, the paper presents three models of stakeholder engagement among social enterprises with the poor as primary stakeholders or SEPPS, namely control, collaboration and empowerment. The paper contributes to social entrepreneurship and stakeholder theory by developing propositions about the power and limitations of these three models in bringing about social inclusion and poverty reduction. While needing to be tested in a broader sample of SEPPS, these propositions are suggested to be applicable in the South or developing countries other than the Philippines where the empirical study was undertaken. In these countries, systemic poverty and inequality are exacerbated by the failure of state and market institutions to address the needs of the poor. Amidst such failure of state and market institutions in the South, the cases indicate that development institutions and solidarity markets in the North have served as critical enabling stakeholders of SEPPS. This indicates that SEPPS may be conceived as a global social enterprise model catalyzing South-North cooperation for poverty reduction.

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1. INTRODUCTION

Poverty is one of the most pressing social problems of the 21st century. Poverty is a deprivation of basic capabilities to achieve well being, rather than merely a state of low income (Sen, 1999; 2009). Social enterprises have been recognized as important actors in serving the poor and making an impact on poverty in the poorest countries (Seelos et al., 2006). However, the poor as stakeholders in a developing country context are under-represented in social entrepreneurship theory building research. (Dacanay, 2012)

This paper shares the findings of an empirical study undertaken by the author (Dacanay, 2012) that responds to this research gap. In doing so, it conceives of and theorizes about social enterprises with the poor as primary stakeholders or SEPPS.

2. RESEARCH FRAMEWORK

2.1. Defining SEPPS

SEPPS are responses to the systemic and widespread poverty, inequality and the continuing failure of state and market institutions to serve the needs of the poor in developing countries or the South¹. As such:

“SEPPS are social mission driven wealth creating organizations that have at least a double bottom line (social and financial), explicitly have as principal objective poverty reduction/alleviation or improving the quality of life of specific segments of the poor, and have a distributive enterprise philosophy”. (Dacanay, 2012, p. 51)

There are three aspects to the definition of SEPPS:

Firstly, SEPPS are social mission driven organizations explicitly pursuing poverty reduction/alleviation or improving the quality of life of specific segments of the poor as primary objective. They are engaged not only as workers, clients, suppliers and/or owners of these social enterprises; but more importantly as partners in social enterprise and value chain management; in social enterprise governance as full fledged owners and decision makers of social enterprises; and as change agents for themselves and their community, sector or society as a whole.

Secondly, SEPPS are wealth-creating organizations that have at least a double bottom line (social and financial). Just like business or private enterprises, and unlike the traditional non-profit organizations that are dependent on grants or public subsidies - or wealth created somewhere else - SEPPS are engaged in the production/provision and sale of goods and services. However, unlike business or private enterprises that principally produce/provide and sell goods and services to create profit for shareholders, SEPPS do so with the objective of financial sustainability. They create wealth to partially or fully cover their operations and to invest in other activities related to their social mission. Their financial bottom line plays a supportive role to their social bottom line of poverty reduction/alleviation or improving the quality of life of specific segments of the poor.

Thirdly, SEPPS have a distributive enterprise philosophy. SEPPS create social and economic value that accrue to the poor as primary stakeholders. Unlike in a business or private enterprise where payments or wages made to the poor are considered as financial costs to be minimized, these are considered as social benefits for primary stakeholders that need to be optimized. Moreover, the distributive philosophy is expressed in the surplus or profits accruing to the poor as dividends as well

¹ The South refers to developing economies. The North refers to developed economies. The North-South divide is often used to characterize the inequitable global economic order among nations.

as being reinvested back to the enterprise to sustain the fulfillment of its social mission or in activities that benefit and assist the poor in overcoming poverty or improving their quality of life.

2.1. Revisiting stakeholder theory and stakeholder engagement literature

Stakeholder theory has mainly evolved from the perspective and experience of corporations. Bevan and Werhane (2010) refer to this as the corporate-centricity of stakeholder theorizing. In this context, leading scholars of stakeholder theory have called for a “richer description” of stakeholder engagement strategies or models, a “redescription” of organizations other than corporations in stakeholder terms and “relating descriptions” of different types of organizations to stakeholder theory (Freeman, et al., 2010, p.286-290).

This paper makes a direct contribution to the aforementioned call for a ‘richer description’ of stakeholder engagement strategies or models. Stakeholder engagement is considered an under-theorized area in stakeholder literature (Greenwood, 2007; Sloan, 2009; Freeman et al., 2010). Recognizing such, Sloan (2009) who participated in a major study involving European corporations (Zollo et al, 2006) theorized on two stakeholder engagement models: control and collaboration. Table 1 shows the dimensions that differentiate these two models of stakeholder engagement.

As will be shown in the succeeding sections of the paper, this framework proved inadequate to explain how the social enterprises in the theoretical sample engaged the poor as stakeholders.

There are three schools of thought that have been identified in social entrepreneurship literature: the social innovation school, the social enterprise or earned income school and the social economy school (Defourny and Nyssens, 2010). Among these three schools of thought, only the social economy school gives importance to stakeholder engagement as a theme. However the empirical studies from which scholars of the social economy school have drawn their findings, including theory building research dealing with stakeholders, have been mainly drawn from social enterprises in developed and transition countries in Europe and Canada (Borzaga and Spear, 2004; Spear and Bidet, 2005; Spear et al, 2010; Vidal, 2010). This paper and the study that it was based on (Dacanay, 2012) therefore add value to social entrepreneurship literature by theorizing on stakeholder engagement models with the poor as stakeholders in a developing county context.

Table 1. Models of Stakeholder Engagement among Corporations

Dimension	Control Model	Collaboration Model
Corporate Focus	Arm’s length engagement	Inclusive engagement
Manager orientation to stakeholders	Stakeholders are a source of risk	Stakeholders are a source of opportunity
Key engagement processes	Monitoring, listening, telling	Collaborating, partnering, learning
Relationship to core business process	‘Bolted on’ to core business and strategic processes	Integrated into core business and strategic process
Potential for corporate change	Limited change	Transformative change
Likely performance	Good	Great

Source: Sloan, 2009

2.3. Research question and methodology

Towards building theory on how social enterprises serve the poor as stakeholders in a developing country context, the primary research on which this paper is based pursued the following research question:

“In those cases where social enterprises serve the poor as stakeholders in a developing country context, how have they engaged the poor, and why have they been effective in terms of their impact?” (Dacanay, 2012, p. 48)

The researcher pursued case-based theory building (Eisenhardt, 1989; Eisenhardt and Graebner, 2007) as main methodology. Given that the broad theme was *how* social enterprises serve the poor as stakeholders in a developing country context, an unexplored area of research – the strategy of building theory from multiple cases was deemed the most suitable. The researcher chose multiple cases rather than a single case to enable comparisons towards yielding a relatively more robust and testable theory (Yin, 1994; Eisenhardt and Graebner, 2007).

Theoretical sampling, or choosing the cases for theoretical, not statistical reasons (Glaser and Strauss, 1967), was central to the chosen methodology. In designing the theoretical sample, the researcher decided to define theoretical categories (Eisenhardt, 1989) based on the usual roles enacted by the poor in social enterprises: the poor as workers, the poor as clients, the poor as suppliers, and the poor as owners. On application of the categories, it became evident that the poor as owners tended not to be a distinct category but cut across categories. Therefore, three categories (poor as worker, poor as client, and poor as supplier) were chosen for the research with the provision that about 50% of the theoretical sample should also represent the poor as owners. A matched pair for each of the categories of social enterprises (Hockerts, 2006) was chosen using relative social enterprise performance as basis for ensuring variability.

The research setting was the Philippines, providing the developing country context that was required to answer the research question. The target population was social enterprises with the poor as primary stakeholders or SEPPS in the Philippines.

The number of SEPPS in the Philippines is difficult to establish. A rapid appraisal utilizing secondary data and key informants from various networks of SEPPS and their support institutions came up with an informed estimate of 30,000 (Dacanay, 2007). Significant segments included cooperatives, microfinance institutions, fair trade organizations and sector or area-based enterprises serving specific poverty groups. The rapid appraisal helped define a shortlist of networks or clusters where pairs for the theoretical sample could be chosen.

In addition to social entrepreneurship and stakeholder theories, Mintzberg’s theory of strategy formation (Mintzberg, 1978; 2007) was used as major analytical tool. The interplay of deliberate (planned), emergent (unplanned), intended (planned but may or may not be realized) and unrealized stakeholder engagement strategies across the organizational stages of initiation (establishment years), development (organizational growth and experimentation) and renewal (period of change often following a crisis) was useful in establishing patterns on how the social enterprises involved or engaged the poor over a period of 15-38 years. Figure 1 illustrates this stakeholder engagement strategy formation process.

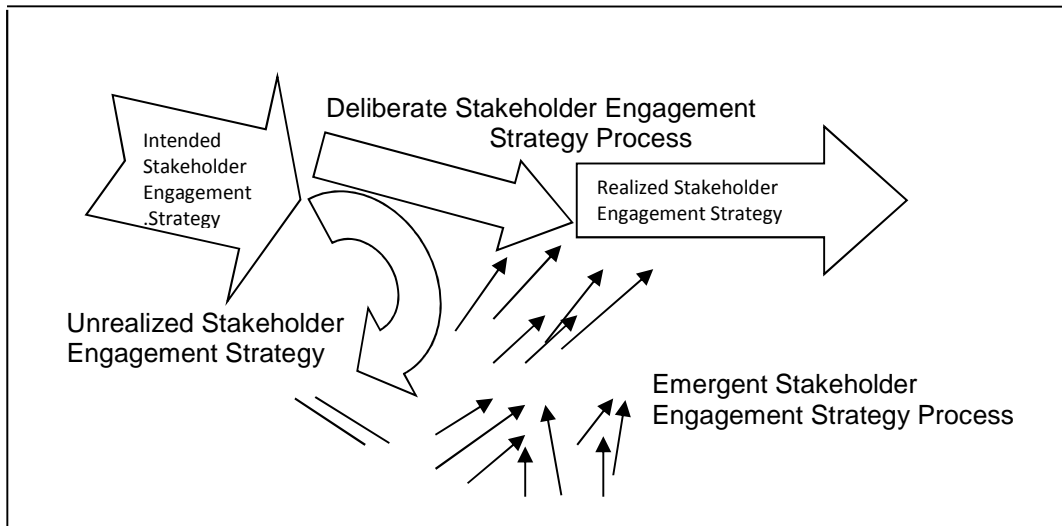


Figure 1. Stakeholder Engagement Strategy Formation Process
 (Adapted from Mintzberg, 2007 by Dacanay, 2012)

2.4. Empirical cases studied

From the shortlist of networks and clusters of SEPPS, and with the assistance of a panel of experts, three matched pairs of SEPPS in the Philippines were chosen for the theoretical sample and are shown in Table 2.

Table 2. Matched Pairs of SEPPS in Theoretical Sample

Poor as Suppliers	Poor as Workers	Poor as Clients
Alter Trade Group (Alter Trade)	National Federation of Cooperatives of Persons with Disability (PWD Fed)	Lamac Multi Purpose Cooperative (Lamac MPC)
Upland Marketing Foundation Inc (Upland Marketing)	Tahanang Walang Hagdanan (Tahanan)	Cordova Multi Purpose Cooperative (Cordova MPC)

In half of the cases, (PWD Fed, Lamac MPC and Cordova MPC), the poor were also owners. The SEPPS in the theoretical sample had been in existence for 15-38 years: PWD Fed was the youngest and Cordova MPC, the oldest. Their level of annual revenues during the start of the research (2007-2008) ranged from twenty four million pesos (PhP24 million) to a little over two hundred million pesos (PhP200 million), with Tahanan having the smallest and Alter Trade having the biggest².

Table 3 shows the poverty sectors served by the three pairs of cases chosen.

² The Philippine peso is the country's official currency. In 2007, one US dollar (USD1) was equivalent to PhP46.15. From 2007-2012, the exchange rate of 1 US dollar (USD1) ranged from a low of PhP43.28 to a high of PhP47.64.

Table 3. Poverty Sectors Served by SEPPS in Theoretical Sample

Name of Social Enterprise	Description of Poverty Sector(s) Served	Scale of Reach
Alter Trade	Agrarian reform beneficiary-sugar farmers; ³ Backyard growers of bananas (naturally grown Balangon variety)	820 sugar farmers in 1 province (Negros Occidental) and 3,493 banana growers spread nationwide
Upland Marketing	Community-based producers of food: majority are muscovado sugar producers and organic rice farmers	60 community-based enterprises with 3,000 poor producers as members/partners in upland, lowland and coastal communities nationwide
PWD Fed	Unemployed persons with disability (PWD) trained to manufacture school chairs	1,250 PWDs organized in 15 cooperatives nationwide
Tahanan	Unemployed persons with disability trained in metal craft, woodwork, needlecraft	273 PWD employees, workers, producers and students
Lamac MPC	In Lamac: upland farmers and livestock raisers, construction, domestic and migrant workers and entrepreneurial poor In other areas: entrepreneurial poor	35,040 poor representing 90% of 38,933 members in various provinces located in the Visayan region ⁴
Cordova MPC	Artisanal fishers, handicraft makers, tricycle and trisikad drivers, workers, entrepreneurial poor	5,694 or 90% of 6,327 members spread in 1 municipality (Cordova) and in 1 city (Lapu-Lapu) in Cebu province ⁵

3. EMPIRICAL FINDINGS

3.1. SEPPS as responses to state and market failures

In all 6 cases in the theoretical sample, one could identify a pattern of failure among state and market institutions in addressing the needs of the poor. The SEPPS were set up to meet these unmet needs. Table 4 provides details of these indications of failure and how the SEPPS in the theoretical sample responded to them.

³ Former workers of big lands called haciendas that used to be owned by sugar barons or landlords, who were awarded part of the land they were tilling under the Comprehensive Agrarian Reform Program of government.

⁴ The other 10% of members are professionals and salaried employees like teachers, and government employees

⁵ The other 10% of members are professionals and salaried employees like teachers, and government employees

Table 4: Indications of State and Market Failures and Response by SEPPS in Cases

Social Enterprise Case	Indication of Failure of Market Institutions	Indication of Failure of State Institutions	Social Enterprise Response
Alter Trade	<p>Hunger among sugar workers in Negros Occidental</p> <ul style="list-style-type: none"> Landlords abandoned sugar lands as US lowered Philippine import quota Local economy completely dependent on sugar with US as main market. 	<p>Problematic implementation of agrarian reform law</p> <ul style="list-style-type: none"> Prolonged, unresolved land cases in agrarian courts Inability of ARBs to pay amortizations <p>Failure to provide support services to 97% of ARBs</p> <ul style="list-style-type: none"> Lands awarded unproductive Landlords and traders (re) establish control 	<p>Empowerment of agrarian reform beneficiaries (ARBs) to overcome poverty:</p> <ul style="list-style-type: none"> Participate in fair trade in the organic muscovado sugar Diversify farm produce and income sources <p>Assistance to ARBs in redeeming lands and resolving land claims</p>
Upland Marketing	<p>Refusal of mainstream traders and upland communities to engage in direct trading:</p> <ul style="list-style-type: none"> Farmers considered traders 'heartless' Traders saw farmers incapable of meeting volume, quality and delivery requirements <p>Upland communities unable to reconcile meeting volume requirements of commodity trading and sustainable forest use</p> <p>Financial health of Upland Marketing threatened</p> <ul style="list-style-type: none"> Normal practice of supermarkets (payments after 60-120 days) Fair trade practice of prompt payments among partner suppliers 	<p>Policy-action gap in social forestry and agrarian reform: no program for building sustainable livelihoods in upland communities</p>	<p>Creation of intermediary organization practicing fair trade to:</p> <ul style="list-style-type: none"> Provide sustainable livelihoods Assist poor communities with product development and marketing Provide access to mainstream markets
Social Enterprise Case	Indication of Failure of Market Institutions	Indication of Failure of State Institutions	Social Enterprise Response
PWD Fed	<p>Majority of PWDs unable to find/sustain employment in private sector despite Magna Carta for Disabled Persons</p>	<p>Policy-action gap:</p> <ul style="list-style-type: none"> Affirmative policy of employing 5-10% PWDs as staff in government Procurement of 10% of supplies from PWD cooperatives. <p>Refusal of PWD Fed to enter contract with DepEd given unfavorable terms and conditions.</p>	<p>PWD Fed as self-help initiative</p> <ul style="list-style-type: none"> Provide employment to PWDs Promote their economic empowerment and inclusion <p>Institution of 3 pronged strategy by PWD Fed</p> <ul style="list-style-type: none"> Training and job placement Micro-enterprise development Product/market diversification

Tahanan	<p>Majority of PWDs unable to find/sustain employment in private sector despite Magna Carta for Disabled Persons</p> <p>Periods of no work for PWDs</p> <ul style="list-style-type: none"> • Refusal to accept contracts with mainstream exporters priced below breakeven • Legal battle with mainstream exporter 	<p>Policy-action gap (same as PWD Fed)</p> <p>Prolonged delays in payment of contracts by government</p> <p>Entry in regular bidding processes given inadequacy of 10% procurement policy for educational toys</p>	<p>Setting up of sheltered workshops to employ PWDs</p>
Lamac MPC and Cordova MPC	<p>Lack of access of poor to financial services</p> <p>Dominance of informal money lenders charging usurious interest rates</p>	<p>Lack of access of poor to basic social services and social protection</p> <p>Inability of government to provide social protection to poor</p>	<p>Cooperatives as community mechanism</p> <ul style="list-style-type: none"> • To pool and access resources • Provide financial services and social protection to poor

3.2. Roles of the poor in SEPPS, role changes and attribution

Tracking the roles and role changes among the poor among the cases in the theoretical sample served as indicators of the way the poor were involved or engaged as stakeholders over time.

Table 5 provides a summary of the realized roles and role changes among the poor in the SEPPS studied over a period of 15-38 years.

Table 5: Roles and Role Changes among the Poor Served

Social Enterprise and Poor Served	Roles Played at Different Stages		
	Initiation (3-5 years)	Development (7-14 or more years)	Renewal (3 or more years)
<p>Alter Trade: Sugar workers-turned agrarian reform beneficiaries</p>	<p>Organized suppliers of sugar cane for muscovado production and trading</p> <p>Partners in Bio-Organic Conversion Program</p> <p>Partners in fair trade with European fair trade organizations</p>	<p>Organized suppliers of organic sugar cane engaged in negotiations for fair price</p> <p>Partners in Sustainable Agriculture for Sustainable Communities Program</p> <p>Organized into Fair Trade Sub Group and represented in Alter Trade Foundation Board</p> <p>Leaders and members of self-determining producer organizations at various stages of development</p> <ul style="list-style-type: none"> • Self help groups • Entrepreneurial farmers' organizations • Organizations practicing social entrepreneurship 	<p>Organized participants in value chains linked to Alter Trade and beyond</p> <p>Partners in fair trade and sustainable agriculture federated into Negros Organic and Fair Trade Association (NOFTA)</p> <p>NOFTA as co-equal partner of Alter Trade Group in local/global organic and fair trade movement</p> <p>Leaders and members of self-determining producer organizations</p>
<p>Backyard banana growers of Balangon variety</p>	<p>Suppliers of Balangon bananas</p> <p>Partners in people-to-people trade with Japanese cooperatives</p>	<p>Suppliers of Balangon bananas</p> <p>Partners in people-to-people trade</p> <p>Leaders and members of growers' associations exhibiting capabilities as self help groups</p>	<p>Organized growers participating in value chain management</p> <p>Partners in people-to-people trade</p> <p>Leaders and members of associations planning and implementing community development plans</p>
<p>Upland Marketing: Organic rice farmers and muscovado producers</p>	<p>Suppliers of organic rice, muscovado sugar and other food products</p> <p>Community-based enterprise partners assisted with technology, financing and market access</p>	<p>Suppliers organized as community-based enterprises (CBEs) at various stages of development: start-up, take-off, growth and sustainable</p> <p>Partners engaged in negotiations for fair price, with most advanced playing proactive roles in value chain management</p>	<p><i>(Note: Upland Marketing had not reached renewal stage)</i></p>

Social Enterprise and Poor Served	Roles Played at Different Stages		
	Initiation (2-11 years)	Development (8.5-10 or more years)	Renewal (1.5-16 years or more)
<p>PWD Fed: Unemployed persons with disability (PWD)</p>	<p>Workers of school chair enterprise project</p> <p>Leaders and members of PWD primary cooperatives</p> <p>Representatives of primary cooperatives in PWD Fed General Assembly</p> <p>Elected members of all-PWD board</p> <p>Leaders of management team</p> <p>PWD Fed as representative body in engaging government and support institutions</p>	<p>Members of primary cooperatives engaged as workers in production of school chairs</p> <p>Leaders and members of primary cooperatives at various stages of development</p> <ul style="list-style-type: none"> Cooperatives for PWD employment Cooperatives for PWD empowerment <p>Leaders in governance and management bodies of PWD Fed</p> <p>PWD Fed as</p> <ul style="list-style-type: none"> Organizer and enabler of PWD primary cooperatives Representative body in engaging government and support institutions 	<p>Members as workers of enterprise ventures and participants in programs of PWD Fed and primary cooperatives</p> <p>Leaders and members of primary cooperatives at various stages of development</p> <ul style="list-style-type: none"> Cooperatives for PWD employment Cooperatives for PWD empowerment <p>Leaders and role models in communities</p> <p>Leaders in governance and management bodies of PWD Fed</p> <p>PWD Fed as</p> <ul style="list-style-type: none"> Promoter of economic empowerment and inclusion of PWDs nationwide Representative body in engaging government and support institutions <p>Empowered PWDs as co-founders of foundation for national partnership towards inclusive development</p>
<p>Tahanan: Unemployed persons with disability (PWD)</p> <p>Selected PWDs from poor families of school age</p>	<p>Worker-partners in sheltered workshop for wheelchair production</p> <p>Beneficiaries of rehabilitation, scholarships and special education programs</p>	<p>Passive worker beneficiaries in sheltered workshops serving export market (Dominant)</p> <p>Worker-partners in sheltered workshop for wheelchair production (Small)</p> <p>Beneficiaries of rehabilitation, scholarships and special education programs showing potential start to be appointed to management, supervisory and staff positions</p>	<p>Worker-partners exhibiting various levels of development</p> <ul style="list-style-type: none"> Passive to self assured workers Pro-active workers and supervisors Empowered managers and directors

Social Enterprise and Poor Served	Roles Played at Different Stages		
	Initiation (6 years)	Development (11-16 years or more)	Renewal
Lamac MPC: Upland farmers, workers, entrepreneurial poor	Client-owners with formal voting powers in General Assembly With minority but substantive representation in board Management delegated to professionals	Client-owners with formal voting powers in General Assembly Board almost totally composed of professionals <ul style="list-style-type: none"> • 1 of 3 surviving farmer leaders in original board still a member • No mechanism for poverty sectors to be represented Management delegated to professionals Poor see membership as means to have social protection and access to financial services	(Note: Lamac MPC had not reached renewal stage)
Cordova MPC: Artisanal fishers, workers, entrepreneurial poor	Client-owners with formal voting powers in General Assembly Little or no representation in board Management delegated to professionals	Client-owners with formal voting powers in General Assembly Little or no representation in Board Management delegated to professionals Poor see membership as means to have social protection and access to financial services	(Note: Cordova MPC had not reached renewal stage)

3.2.1. Transactional and transformational roles among the poor in SEPPS

Based on an analysis of the data contained in Table 5, there are two types of roles that the poor enact: transactional roles and transformational roles.

- Transactional roles are enterprise-related functions performed by the poor that involve an exchange of goods or services for money including being workers, suppliers, clients, or owners; and
- Transformational roles are functions performed by the poor as conscious agents of change to lift them from poverty and to participate in group efforts to improve the quality of life of their community, sector or society as a whole.

3.2.2. Transactional and transformational services provided by SEPPS

The data indicated that role changes over time, which were most significantly manifested in the cases of Alter Trade and Tahanan, were attributable to shifts in management orientation and the provision of enabling services that, similar to the roles, may be classified into transactional and transformational services.

- Transactional services pertain to enterprise or market-driven activities, such as providing loans, demonstrating new technologies or conducting trainings that are necessary for the poor in the social enterprise system, to effectively and efficiently perform their roles as workers, suppliers, clients and owners; and
- Transformational services pertain to activities that empower the poor, such as leadership formation and organizational development, asset build-up and providing education and experiential learning opportunities, to become conscious change agents for themselves, for their communities, sectors and society as a whole.

- Transactional services may be fee-based (for example loans) or non-fee based (for example trainings). Transformational services may be individually directed (like scholarships to finish high school and/or collage) or group directed (for example organizing and leadership formation).

3.3. Models of stakeholder engagement among SEPPS

The roles and role changes that the poor enact in the social enterprises and their relevant environments, made possible by transactional and transformational services, may be seen as indicative of how the poor are involved as stakeholders. For social enterprises with the poor as primary stakeholders or SEPPS, these various ways of how the poor are involved may be equivalent to their stakeholder engagement strategy. Patterns manifested by these stakeholder engagement strategies across the cases may be synthesized into models.

An overall cross case analysis of the social enterprises studied suggests three models of stakeholder engagement among the poor: control, collaboration, and empowerment. As social enterprises with the poor as primary stakeholders, all of them have a purposive engagement with the poor. In this sense, their enterprise focus, no matter the model is the same. This is unlike corporations where Sloan's (2009) control model and collaboration models are characterized as having an arm's length engagement and inclusive engagement with stakeholders, respectively.

Given their nature as SEPPS, and based on a cross case analysis of the theoretical sample, the three stakeholder engagement models vary in terms of the following dimensions:

- Managerial orientation towards the poor;
- Key engagement processes;
- Nature of roles and capabilities developed among the poor;
- Nature of programs/services and structures/delivery systems involving the poor; and
- Social impact.

Table 6 details these differences. The common dimension and features differentiating the control and collaboration models for both corporations and social enterprises is the key stakeholder engagement processes: monitoring, listening, and telling for the control model and collaborating, partnering, and learning for the collaboration model. The empowerment model of stakeholder engagement is distinct and observable among SEPPS and has as key stakeholder engagement processes enabling, and empowering.

On the empowerment model, the member cooperatives of the PWD Fed and the organized sugar farmer partners of Alter Trade at the grassroots level demonstrate the state of empowered workers and suppliers. PWD Fed itself and the Negros Organic Fair Trade Association (NOFTA), the federation of small producers initiated by the sugar farmers with the assistance of Alter Trade, did not only symbolize reaching a higher level of empowerment but also served as structures that facilitated the enactment of transformational roles by the poor. PWD Fed and NOFTA are not only representing the poor but also facilitating their engagement with state institutions and enabling stakeholders to improve the means of living of the poor in the PWD and small farmer sectors respectively.

Table 6: Models of Stakeholder Engagement among SEPPS

Dimension	Control Model	Collaboration Model	Empowerment Model
Enterprise Focus	Purposive engagement with poor to improve their quality of life	Purposive engagement with poor to improve their quality of life	Purposive engagement with poor to improve their quality of life
Managerial orientation towards poor	Poor as passive beneficiary	Poor as transactional partner	Poor as transformational partner
Key engagement processes	Monitoring, listening, telling	Collaborating, partnering, learning	Enabling, empowering
Nature of roles and capabilities developed among poor	Passive workers, suppliers or clients	Pro-active workers, suppliers or clients Partners in social enterprise and value chain management	Empowered workers, suppliers, clients and/or owners Organized partners in poverty reduction and community, sector and/or societal transformation
Nature of programs/ services and structures/ delivery systems involving the poor	Limited to fee-based transactional services	Transactional services include capability building to ensure effective performance of transactional roles (fee based and non-fee based) Delivery system of transactional services integrated into operating systems	Dedicated programs to enable performance of transactional and transformational roles Distinct delivery system for transformational services Distinct structures and systems set up to enable performance of transformational roles
Impact on poor	Limited with risk of fostering subservience and dependency leading to hardening of social exclusion	Access to social and/or economic services leading to social inclusion Access dependent on continuing relationship with social enterprise Increases in incomes may not be adequate in overcoming income poverty	Significant outcomes in overcoming capability deprivation and income poverty Outcomes derived from relationship with social enterprise and organized initiatives of poor themselves
Case(s) Typifying Model	Tahanan (dominant during development stage)	Tahanan (initiation and renewal stages); Lamac MPC; Cordova MPC; Alter Trade (initiation stage for sugar farmers and banana growers; development stage for banana growers); Upland Marketing	Alter Trade (development to renewal stage for sugar farmers; renewal stage for banana growers); PWD Fed (initiation, development and renewal stages)

The state of empowered clients is included as within the realm of possibilities for the poor who are members of Cordova MPC and Lamac MPC, possibly during a renewal stage. Using the framework summarized in Table 6, such is theorized as possible with the introduction of certain changes discussed earlier: a shift in managerial orientation towards the poor as transformational partners, the delivery of transformational services in the form of membership and leadership development programs directed at significant segments of the poor, and affirmative mechanisms for representation in the cooperative's governing bodies. In this changed context, Lamac and Cordova MPC could be transformed as the vehicles for the poor's enactment of their transformational roles. Alternatively, mechanisms similar to the satellite cooperatives that Cordova MPC pursued at one stage, could become such vehicles, with the mother cooperatives (Lamac MPC and Cordova MPC) playing a supportive role.

While the empowerment model of stakeholder engagement observed among SEPPS may be considered as an enhancement to stakeholder engagement models from literature emanating from the experience of the corporate or the private for-profit sector, elements of the empowerment model may be considered as part of the defining features of "socio-economic initiatives which belong neither to the traditional private for profit sector nor to the public sector.... which is often called the non-profit sector or the social economy" (Defourny, 2001, p. 1). Cooperatives, mutual-type organizations and associations which have historically comprised the social economy adhere to "a democratic decision making process" involving members using the principle of one member, one vote (Defourny, 2001, p. 7). This is carried over in social entrepreneurship literature, particularly by scholars of the social economy school where these 'mutual social enterprises' (Spear et al., 2010) are a part. Social economy scholars as exemplified by Defourny and Nyssens (2008, p. 202) define social enterprises as not-for-profit private organizations that "... rely on a collective dynamics involving various types of stakeholders in their governing bodies".

While collective dynamics and representation of various types of stakeholders in governing bodies can be noted in SEPPS, the distinctive feature of the empowerment model of stakeholder engagement is its giving primary importance to assisting the poor, who are coming from a state of capability deprivation (Sen, 1999), to acquire the knowledge, skills and confidence to become co-equal partners of the enabling stakeholders in the development process. Through transformational services delivered by the SEPPS, the poor go through a learning process of giving meaning to the democratic exercise of one person one vote and collective self-governance to become such co-equal partners.

3.4. Institutions in the North as enabling stakeholders of SEPPS

Amidst the negative experiences of SEPPS with state and market institutions, an important countervailing force that emerged as enabling stakeholders in the cases studied are development agencies in the North.

These agencies in the North served as solidarity markets assisting product and enterprise development. They served as enabling partners supporting institutional development efforts and the delivery of transformational services to the poor. An important expression of the support coming from these enabling stakeholders was funding in the form of both grants and loans. Outstanding examples of development agencies in the North that served as enabling stakeholders in the cases are the following:

- Bread for the World in Germany provided resources in the form of grants for Alter Trade's Sustainable Agriculture for Sustainable Communities Program from 2002-2010, that transformed assetless sugar workers to become self-sustaining farmer partners federated into the Negros Organic and Fair Trade Association;
- Alter Trade Japan, Green Coop and other Japanese cooperatives supported the development of a small grower-based system of cultivating, harvesting and shipping Balangon bananas to Japan, including investments covering spoiled shipments and failed plantation production experiments

- CBM, a German Development Agency supporting the rehabilitation of PWDs in developing countries, provided PWD Fed with a technical consultant and an annual organizational subsidy to initiate the school chair project and help develop strong primary cooperatives;
- ICCO, the Dutch Interchurch Organization for International Development Cooperation, provided the resources for developing the capability of producer partners of Upland Marketing in value chain management; and
- The sisters of the Immaculate Conception of Mary initiated the establishment of Tahanan and continue to play an important role in the governance of Tahanan.

These agencies may be contextualized as expressions of broader efforts to address the global dimensions of poverty. Net resource outflows to the North not only from the Philippines but also from other countries in the South have been well documented by many scholars in the context of unequal trade, tied aid, and foreign direct investments. These net resource outflows have been criticized as sharing the responsibility for reproducing and exacerbating poverty in the South (Stiglitz, 2002; Bello, 2004; Broad and Cavanagh, 2009). Effectively harnessing these global forces in the broader environment to become enabling stakeholders of the operating environment of SEPPS is an important agenda for global poverty reduction.

4. PROPOSITIONS ON SEPPS

4.1. Empowerment and collaboration models of stakeholder engagement

The empowerment model of stakeholder engagement has been demonstrated as having the most significant impact on the quality of life of the poor. This brings us to Proposition 1.

PROPOSITION 1: On the empowerment model of stakeholder engagement among SEPPS

Social enterprises that empower the poor as transformational partners tend to have a significant qualitative impact on poverty reduction.

The empowerment model, where the poor are transformational partners, demonstrate their overcoming income poverty and acquiring what Sen (1999) characterizes as capabilities to improve their means of living. These outcomes are not dependent on their participation in the value chains where the SEPPS are situated. They are outcomes in combination with initiatives by the empowered organizations of the poor themselves. Take the diversification of crops and sources of income initiated by the sugar farmers' associations or cooperatives as example. It was these diversification efforts, in combination with the production of organic sugar sold to Alter Trade that enabled a significant percentage of the sugar farmers to achieve food security and get out of income poverty. More profoundly, from being assetless, powerless sugar workers who had just acquired small plots of land through agrarian reform, they became leaders and members of self-sustaining farmers cooperatives. These farmers' cooperatives did not only serve as supplier partners of Alter Trade, they served as vehicles for planning and pursuing crop and income diversification as well as for undertaking joint projects such as the provision of financial services to other sugar farmers. They served as mechanisms for community development initiatives such as providing health care services. Beyond their community, NOFTA, the federation of producers' organizations the sugar farmers established, served as co-equal partner of Alter Trade in fair trade and sustainable agriculture organizing and advocacy. Overall, a continuing and sustainable process of improving the quality of life of these sugar farmers had been put in place, with their cooperatives and NOFTA as main vehicles.

Similarly, the capability deprivation overcome by the PWDs, as symbolized by PWD Fed and their primary cooperatives, demonstrates the profound impact of the empowerment model on the lives of the PWDs. The federation and the cooperatives became their means to secure employment and

create other economic and social opportunities for PWDs. Their regular income stream, and the improved self-worth and self-esteem of the PWDs resulted not only from participating in the school chair project per se, but in being active members and leaders of their self-governed cooperatives and cooperative federation.

Now let's examine the collaboration model of stakeholder engagement. As shown by Lamac MPC and Cordova MPC, Alter Trade (banana) and Upland Marketing, these SEPPS seem to have less qualitative impact. Nevertheless, what SEPPS pursuing the collaboration model may lack in depth of impact seems to be compensated by the significance of their quantitative reach. This leads us to Proposition 2.

PROPOSITION 2: On the collaboration model of stakeholder engagement among SEPPS

Relative to social enterprises that engage the poor as transformational partners, social enterprises that engage the poor as transactional partners tend to reach a bigger number but with less qualitative impact on their poverty situation.

Overall, the SEPPS in the theoretical sample that sustained a collaboration model of stakeholder engagement from initiation to development tended to reach more poor in more geographical areas. This was strongly demonstrated by Lamac MPC and Cordova MPC. Where PWD Fed and Alter Trade only reached hundreds of sugar workers and PWDs, Lamac MPC and Cordova MPC reached thousands. The cases of Lamac MPC and Cordova MPC show that they have been able to provide access to financial and social services, employment and social protection leading to social inclusion and mobility among significant numbers of the poor. But in terms of qualitative impact on the poverty situation of the poor, PWD Fed and Alter Trade-sugar clearly achieved a much higher level, especially if viewed from a multi-dimensional perspective as well as in terms of participation and capability to improve their means of living.

The Alter Trade case in Negros Island has been especially powerful in demonstrating a comparative qualitative impact between the empowerment and collaboration models. Alter Trade's impact on the banana growers within Negros Island, whom they had engaged as transactional partners, was at most providing them a supplementary source of income. This is in contrast to Alter Trade's dramatic impact on the sugar farmers, from a state of exclusion to a state of empowerment: as individuals with greater self-worth and self-esteem, as leaders and members of their primary cooperatives, and as leaders and members of NOFTA.

The case of Upland Marketing, that pursued a collaboration model of stakeholder engagement, also supports this proposition in a different but interesting way. Among Upland Marketing's organic rice farmer partners, it was the multiple sources of income from their pursuit of sustainable agriculture-related initiatives that moved them out of poverty, not just the trading of organic rice with Upland Marketing. These initiatives in sustainable agriculture resulted from the organic rice farmers' partnership with other non-government organizations or NGOs. These other NGOs had integrated programs to organize farmers into cooperatives practicing sustainable agriculture. Upland Marketing was actually asked by these NGOs and farmers cooperatives to assist specifically with marketing. The outcomes manifested by these organic rice partners therefore may be considered a special case resulting from a combination of the transactional services provided by Upland Marketing and the transformational services provided by other NGOs. But it nevertheless strengthens the proposition we have made about the differentiated qualitative impact of the empowerment and collaboration models.

4.2. Control model of stakeholder engagement among SEPPS

Given that the poor are considered by SEPPS as primary stakeholders in a normative sense, it is expected that all SEPPS *intend* to positively impact on the quality of life of the poor. However, as shown by our framework for understanding the stakeholder engagement strategies of SEPPS, the control model has even a negative impact on the poor.

At this point, it is important to bring into the discussion a summary of what was documented by the researcher as the intended and realized stakeholder engagement strategies of the SEPPS in the theoretical sample, guided by Mintzberg's (2007) framework of strategy formation.

Table 7 shows a comparison of the intended and realized stakeholder engagement strategies of the 6 case subjects across the three stages of initiation, development and renewal. As shown in the table, the *intended strategy* did not always become the *realized stakeholder engagement strategy*.

As shown in Table 7, none of the SEPPS intended a control strategy of stakeholder engagement. The only indication where it became an unintended but realized strategy was in the case of Tahanan during its development stage. This may be characterized as a period where Tahanan experienced a mission drift. Given this observation, one may argue that only the collaboration and empowerment models deserve to be considered as significant stakeholder engagement strategies among SEPPS.

However, the usefulness of including the control model in the framework for understanding stakeholder engagement strategies among SEPPS is to make explicit the risks and potential negative consequences when SEPPS pursue the control model of stakeholder engagement, even if unintentionally.

Considering its usefulness as a theoretical construct, a proposition on the control model is in order.

PROPOSITION 3: On the control model of stakeholder engagement among SEPPS

Social enterprises that engage the poor as passive beneficiaries have a tendency to foster subservience and dependency that may lead to the hardening of social exclusion. This results in a limited or even a negative impact on the poor, associated with mission drift among SEPPS.

Tahanan's mission of providing meaningful employment to PWDs and engaging them as partners in their rehabilitation process was de-prioritized when the control model was pursued, although unintentionally. We do not want to overly draw attention to an experience during a specific period in only one of the theoretical cases, but the occurrence shows how a well-meaning stakeholder engagement strategy of collaboration could deteriorate to a control strategy. Tahanan's experience of such when they brought in a business-oriented professional team to manage the sheltered workshops to meet the requirements of mainstream export markets is particularly informative.

4.3. Effective pursuit of collaboration model

As SEPPS scale up impact, well-intentioned efforts to professionalize management are usually a response to the challenge of balancing social and enterprise goals. In this context, the caution provided by the control model in our framework for understanding stakeholder engagement strategies among SEPPS, needs to be complemented by a better understanding of the factors that would define a shift from control to collaboration, or more broadly, how the collaboration model can be effectively pursued. This brings us to Proposition 4.

Proposition 4: On the effective pursuit of a collaboration model of stakeholder engagement

SEPPS intending or pursuing a collaboration model of stakeholder engagement tend to be effective when managers view the poor as partners and provide for their effective participation in social enterprise or value chain management.

As indicated in Table 6 providing for the effective participation of the poor in social enterprise and value chain management entails capacity development as well as installing structures and systems to make this possible. The experiences of Tahanan and Upland Marketing are informative in demonstrating these. Tahanan’s case shows how individually directed transformational services (through scholarships for completing high school and college degrees as well as personality development, management and leadership courses) could develop a critical mass of pro-active workers and staff emanating from the poor. As shown by Tahanan, the best among them could be appointed to supervisory and management positions over time. Coupled with participatory management systems involving the rank and file workers, Tahanan powerfully demonstrates how to effectively make the excluded poor partners in social enterprise management. Upland Marketing on the other hand shows how non-fee based transactional services such as trainings on market trends and production technologies coupled with regular venues for planning and negotiations, could develop suppliers among the poor to become partners in value chain management. The effect of fostering participation in social enterprise and value chain management is improved effectiveness and efficiency of the poor in delivering the quality and quantity of products required by the markets of SEPPS. This is the essence of engaging the poor as transactional partners.

4.4. Giving a voice and vote to the poor in cooperatives as SEPPS

A synthesis of what the cooperative cases as SEPPS demonstrated is in order: PWD Fed, Lamac MPC and Cordova MPC are SEPPS where the poor are all owners. By design, the poor are formally part of their respective governance systems. However, it was only the poor in PWD Fed who actualized their role as full fledged owners. This demonstrates the dual character of the poor as owners: it has a transactional nature but also a transformational potential. The role of the poor as owner remains transactional unless corresponding services are delivered to realize this transformational potential. Formal ownership by the poor of SEPPS is an important but inadequate condition for the pursuit of empowerment.

Table 7: Intended and Realized Stakeholder Engagement Strategies among SEPPS across Stages

SEPPS	Intended Stakeholder Engagement Strategy			Realized Stakeholder Engagement Strategy		
	Initiation	Development	Renewal	Initiation	Development	Renewal
Alter Trade (sugar farmers)	Empowerment	Empowerment	Empowerment	Collaboration	Empowerment	Empowerment
Alter Trade- (banana growers)	Empowerment	Empowerment	Empowerment	Collaboration	Collaboration	Empowerment
Upland Marketing	Collaboration	Collaboration		Collaboration	Collaboration	
PWD Fed	Empowerment	Empowerment	Empowerment	Empowerment	Empowerment	Empowerment
Tahanan	Collaboration	Collaboration	Collaboration	Collaboration	Control	Collaboration
Lamac MPC	Empowerment	Empowerment		Collaboration	Collaboration	
Cordova MPC	Empowerment	Empowerment		Collaboration	Collaboration	

Moreover, the relative success demonstrated by the primary cooperative members of PWD Fed and the sugar farmer partner cooperatives of Alter Trade are important to note. These may be compared to the failed cooperative and pre-cooperative formations of the poor before the professionals took over in Lamac MPC and Cordova MPC. These substantiate the importance of a combination of transactional and transformational services in cooperatives as SEPPS. Without these services, self-help cooperatives of the poor will mirror their capability deprivation and fail. However, as shown by the cases of PWD Fed and Alter Trade, which dramatically transformed the lives of the assetless and powerless persons with disability (PWDs) and sugar workers, a combination of transactional and transformational services could create success stories. This is actually supported in part, by the more than 80 studies cited by Sibal (2002) in his research on 100 years of the Philippine cooperative movement. Sibal cites the lack of education and training as the main reason for the failure of many cooperatives in the Philippines.

Using Table 7 as an aid, we would note that while all three cooperative cases (Lamac MPC, Cordova MPC and PWD Fed) had empowerment as an intended strategy, only the PWD Fed realized it. The three elements that would effect a shift from collaboration to empowerment as realized stakeholder engagement strategy for Lamac MPC and Cordova MPC based on an analysis of the data from the cases are: a shift in managerial orientation towards the poor as transformational partners, the delivery of transformational services in the form of membership and leadership development programs directed at significant segments of the poor, and affirmative mechanisms for self-governance and representation in the cooperative's governing bodies. Appreciating these requirements are important for cooperatives as SEPPS given the reality of capability deprivation among the poor and inequality in developing countries in the South. However, there is an additional dimension about the nature of Lamac and Cordova MPC that needs to be given attention.

The Lamac and Cordova MPC experiences seem to reflect the international trend towards communitarianism among cooperatives observed by Borzaga and Spear (2004) and provide insights on rethinking the traditional cooperative concept of democracy to ensure interest harmonization among various stakeholders while keeping the difficult balance between productive and social aims. As SEPPS in a developing country context where various segments among the poor such as farmers, fishers, workers in the formal and informal sector, and the entrepreneurial poor have become members, the question of workable mechanisms to effectively represent their interests and harness their participation in governance structures, as articulated by Borzaga and Spear (2004) comes to the fore. This is consistent with the question of how to effectively give stakeholders with differing interests a voice and vote in the context of multi-stakeholder governance (Vidal, 2010). This brings us to Proposition 5, specific to cooperatives as SEPPS. This discussion also contributes to Proposition 6 which defines the factors that shape how cooperatives and other forms of SEPPS may realize a stakeholder engagement strategy of empowerment:

Proposition 5: On cooperatives as SEPPS

Cooperatives that count among their members various segments of the poor will tend to fail in giving these stakeholders an effective voice and vote unless these various segments of the poor are provided transformational services and mechanisms to practice self-governance as foundation for multi-stakeholder governance.

Given the capability deprivation of the poor, it is not enough to implement the principle of one person one vote in a cooperative where various segments of the poor are members. As shown by the Lamac and Cordova MPC cases, even as the poor had the right to elect and be elected in their governance bodies, they generally felt they were not in a position to become leaders and to make decisions for the cooperative. A necessary prerequisite is developing their consciousness and capability to articulate and work for their interests as farmers, fishers, entrepreneurial poor and to represent such interests in multi-stakeholder governance bodies. Such entails developing mechanisms for self-governance. A theoretical example of how this could be pursued may be organizing satellite-type cooperatives such as what Cordova MPC initiated at one stage for various segments of the poor,

and providing for their representation in the mother cooperative's governance structures. A clear element making the empowerment model distinct is the performance of the poor of transformational roles – the poor themselves become partners in poverty reduction and community/sectoral and societal transformation. However, it is important to reiterate that such is in addition to making the poor perform their transactional roles as workers, clients, suppliers and owners. It goes without saying that the poor as transformational partners, also assumes the effective performance of their transactional roles.

On the whole, Proposition 5 validates the importance of governance as an important element that defines SEPPS. It also shows the affinity of the concept of SEPPS to the social economy school of social entrepreneurship. Among the three schools of thought on social entrepreneurship, it is only the social economy school that highlights multi-stakeholder governance as an important characteristic of social enterprises. This is reflected in the EMES definition that lists the following social dimension in its criteria of an ideal type of social enterprise:

“A participatory nature, which involves the persons affected by the activity: Representation and participation of customers, stakeholder orientation and a democratic management style are important characteristics of social enterprises. In many cases, one of the aims of social enterprises is to further democracy at the local level through economic activity”. (Defourny, 2001, p. 20)

Enabling the poor to enact transactional roles entails enterprise or market-driven, output-oriented services, similar to what are provided by the collaboration models of stakeholder engagement. Empowering the poor to enact transformational roles entails stakeholder-driven, process-oriented services. What insights can be drawn from the experience of SEPPS in simultaneously providing these services? The delivery systems in terms of program components and staffing for these services are quite different and evidence from the cases suggests they cannot be accommodated in the same organizational structure or unit. This is an important detail related to the effective process of enabling the poor to enact both transactional and transformational roles.

The need for distinct delivery systems for transformational services was clearly shown in the case of Alter Trade which evolved into a multi-organizational system with a foundation and three corporations – one engaged in marketing and distribution, another in manufacturing and the third in organic fertilizer production. The foundation focused on transformational services while the corporations provided different transactional services for the sugar farmer partners. In the case of the banana grower partners, Alter Trade experienced major problems when the corporation delivering transactional services was tasked with the delivery of transformational services. In the end, Alter Trade decided to transfer all transformational services for both sugar farmer and banana grower partners to the foundation.

Interestingly, the case of Upland Marketing also supports the importance of distinct delivery systems for transactional and transformational services. Upland Marketing Foundation Inc., was conceived by the Upland NGO Committee (UNAC) to be mainly a delivery system for transactional services. At the time that UNAC conceived of Upland Marketing, UNAC members were focused on providing transformational services, and saw transactional services as a weak area of their development interventions.

In the case of PWD Fed, a separate structure was not set up to deliver transformational services to its members but a distinct membership development program was put in place, separate from the school chair enterprise operations. The initiation of the Foundation for TheseAble however may be an indication that leaders within PWD Fed may be feeling the limitation or difficulty of putting the delivery of both the transactional and transformational services for PWD cooperatives and PWD Fed itself within PWD Fed. This is indicated by the role they articulated for PWD Fed – that of economic empowerment and inclusion of PWDs – focused on creating employment and self-employment

opportunities. The foundation on the other hand would focus on supporting PWD Fed in other aspects of PWD empowerment.

4.5. Effective pursuit of empowerment model

The combined insights from the cooperative cases and this discussion on how PWD Fed and Alter Trade may be pursuing or may be closing the gap between their intended and realized stakeholder engagement strategy leads us to Proposition 6.

Proposition 6: On shifting from a collaboration to an empowerment model of stakeholder engagement

SEPPS wanting to shift from a collaboration to an empowerment model of stakeholder engagement tend to succeed with managers and programs oriented towards the poor as transformational partners. These programs tend to fail in the absence of dedicated structures and systems to deliver transformational services complemented by dedicated structures and systems to serve as venues for the performance of transformational roles. The establishment of distinct structures to ensure the delivery of transformational services and to provide venues for the poor's performance of transformational roles would tend to result to SEPPS as multi-organizational systems.

Dedicated structures for delivering transformational services may take the form of foundations like in the case of Alter Trade, or adequately staffed departments or units serving as implementing structures for membership development programs for cooperatives. Dedicated structures and systems to serve as venues for the performance of transformational roles may be primary cooperatives or associations of the poor that are linked to the core organization, and at a higher level, federations like PWD Fed (which is the core organization of the SEPPS itself) or NOFTA, that co-exists with the core organization of the SEPPS (in this case Alter Trade).

A review of the theoretical example of the satellite cooperatives as structures indicates that they may also serve as venues for the poor to enact transformational roles, beyond being mechanisms for representation. For example, in the case of Cordova MPC, a satellite cooperative for fishers could serve both to represent fishers in Cordova MPC's board, as well as to provide a venue for the fishers to undertake initiatives important to their poverty group: a coastal resource management program to rehabilitate their municipal fishing grounds may be a possibility. In the case of Lamac MPC, a satellite cooperative for farmers could serve both to purposively represent the farmers in Lamac MPC's board, as well as to provide a venue for the farmers to set up a program to pursue important issues affecting their poverty group: the resolution of lingering land tenure issues or the setting up of an irrigation system to improve the productivity of their lands may be possibilities. These are just illustrative examples. In reality, the cooperatives could develop what may be effective ways of representing poverty groups in their governing boards as well as encouraging them to develop mechanisms for articulating and acting on issues affecting their rights and welfare. This may be systematized into a sectoral agenda for change per poverty group that could be championed by specific satellite cooperatives.

4.6. Role of Northern institutions amidst state and market failures

While SEPPS are responses to the failure of state and market institutions in the South to meet the needs of the poor, they also find themselves operating in this same context as SEPPS. State and mainstream market institutions have often enacted disabling roles, in the process affecting the sustainability of some of the SEPPS. This was reflected in the cases of Upland Marketing in engaging supermarkets and Tahanang Walang Hagdanan in engaging mainstream exporters in the past. To a certain extent, this is also reflected in the difficulties that Tahanan and PWD Fed have had in engaging DepEd as market for educational toys and school chairs. In this regard, there is reason to

caution SEPPS about uncritically engaging mainstream market channels or government institutions as markets.

The author is by no means proposing non-engagement with mainstream market channels or government institutions but is however cautioning SEPPS and proposing the importance of reframing their engagements with mainstream market channels and government institutions. This may be similar to what Tucker (2006) refers to as an agenda for change which he considers critical for fair trade organizations to clarify to effectively engage big companies like transnationals and supermarkets. Such reframing is important so that these SEPPS would not jeopardize or sacrifice their mission to improve the quality of life of the poor or their sustainability in pursuing their mission. To illustrate, Upland Marketing may need to pioneer the pursuit of fair trade as corporate social responsibility (CSR) in dealing with the supermarkets as market channels. As SEPPS, Upland Marketing may be in a position to contribute to the search and development of what Jeppesen and Lund-Thomsen (2010) call locally appropriate solutions to make fair trade as CSR more responsive to the interests of the poor in the South. At the same time, Tahanan and PWD Fed, in partnership with the Foundation for TheseAble, may need to enhance their efforts to make government more accountable in closing the gap between policy and action in relation to PWD rights and welfare. In continuing to engage the DepEd as market for educational toys and school chairs, they may need to work with other SEPPS to institute what Sen (1999) calls transparency guarantees to prevent corruption, financial irresponsibility and underhand dealings. These kinds of critical perspectives in dealing with mainstream market channels and government as market are important for SEPPS not to become mirrors of the institutional failures in society that they were set up to overcome.

In the process of crafting creative ways of reframing engagements with mainstream markets and government institutions, the role of institutions in the North to serve as countervailing institutions have been demonstrated in all cases, without exception. Institutions in the North have provided financial, technical and human resources for institution building and to allow SEPPS to deliver various forms of transactional and transformational services to the poor. These range from serving as solidarity markets assisting product and enterprise development to providing program funds and consultants. In some cases, notably PWD Fed and Tahanan, these institutions have directly initiated the setting up of the SEPPS themselves.

5. CONCLUSIONS

5.1. Applicability and state of propositions

The aforementioned propositions are suggested to be applicable in countries other than the Philippines where state and market institutions have failed to address various needs of the poor. More particularly, it is suggested that the applicability of these propositions be to other countries in the South, where massive poverty has been the result of similar factors causing such in the Philippines. Some of the relevant factors directly causing poverty in the Philippines that were articulated by Schelzig (2005) in an Asian Development Bank-commissioned study, and were demonstrated in the cases, are useful reference points:

- Macroeconomic policies that have resulted to economic growth but have not reduced poverty;
- Unemployment and underemployment especially in agriculture, forestry and fishery;
- Structural issues in the agricultural sector including a problematic agrarian reform program and ineffective policy and service support to small farmers;
- Governance concerns including corruption and an ineffective state that is unable to deliver basic services;
- Disability caused by malnutrition, unsanitary living conditions, accidents and injuries, with most persons with disabilities living in poverty.

While the author suggests the applicability of these propositions to SEPPS as a whole, it is understood that the current findings need to be further tested and replicated among a broader sample of SEPPS not only in the Philippines but in other countries in the South.

An interesting research agenda is to study the relevance of these three models of stakeholder engagement among SEPPS among work integration social enterprises (WISE), cooperatives and other social enterprises serving marginalized sectors in developed and transition country contexts.

5.2. Contribution to social entrepreneurship theory

This paper and the research on which it is based contributes to social entrepreneurship theorizing, characterized as embryonic as a topic of academic inquiry by Short, et al., (2009). By developing a framework for understanding stakeholder engagement models among social enterprises with the poor as primary stakeholders or SEPPS, it made a first step towards extending stakeholder theory in a prominent type of social enterprise in countries in the South. In doing so, it also contributed to social entrepreneurship as a topic of academic inquiry by undertaking an empirical study involving a theoretical sample and applying the rigorous method of case-based theory building (Eisenhardt, 1989; Eisenhardt and Graebner, 2007).

While this paper shares similar contextual starting points to Mair and Marti's (2009) exploration of the concept of institutional voids in the South that have created fertile grounds for social enterprises, it differs in its focus on extending stakeholder theory. While this paper also studies types of social entrepreneurship that transform sectors (Hockerts, 2010), it differs in its focus on stakeholder engagement strategies and their impact on the poor.

SEPPS may be appreciated as counterparts in the South, in terms of prominence and importance, of work integration social enterprises or WISE. WISE became prominent in the context of rising unemployment and the crisis of welfare states in Europe and elsewhere in the North (Defourny and Nyssens, 2008). SEPPS are responses to the systemic and widespread poverty, inequality and the continuing failure of state and market institutions to address poverty in the South.

The concept of SEPPS has a strong affinity to the social economy school of social entrepreneurship that developed in Europe through the EMES Research Network (Defourny and Nyssens, 2010). This is especially so given its multi-stakeholder character (Vidal, 2010), its conceptual linkage to the issue of democracy and participation, and the location of social enterprises in the intersection of the civil society, public and private sectors (Hulgaard, 2008). Studies made by scholars of the social economy school that explored governance issues among social enterprises notably Spear, et al., (2010) and exploring cooperatives as social enterprises (Borzaga and Spear, 2004) have also yielded important insights useful for understanding SEPPS. The difference in context between the North and South may necessitate that the conception and theorizing about SEPPS is pursued as a distinct stream within or even beyond the social economy school of social entrepreneurship. The possibility of a distinct stream or school of social entrepreneurship to house further theorizing about SEPPS is an interesting area of further research.

Robinson, et al., (2009) have noted that context matters in social entrepreneurship research, showing how the phenomenon has unfolded in different ways in Asia, Spain, Latin America and the Middle East. Some scholars of social economy such as Defourny, et al., (2009) have also recognized the contextual differences in the North and South even as they advance the concept of a global social economy.

Social entrepreneurship theorizing that appreciates the contextual difference between the North and South would make interesting collaborative North-South or Asia-Europe research projects. This paper showed how social enterprises serving PWDs and cooperatives as SEPPS have evolved quite differently in the Philippines, compared to their counterparts in Europe or in the North. For one, the paper showed how the context in the South necessitates structures for self-governance and

transformational services to address the capability deprivation of the poor for multi-stakeholder systems of governance to work.

This paper therefore presents interesting starting points and suggests directions on how such collaborative research across country contexts could enrich theory building on social entrepreneurship.

The aforementioned North-South, Asia-Europe collaborative research is made more relevant by the indication in this thesis about the role of development agencies in the North in nurturing SEPPS. Without exception, all cases in the theoretical sample showed a major role of development agencies from the North supporting the initiation, development and renewal of SEPPS. This indicates that SEPPS may be conceptually appreciated, not only as a social enterprise model in the context of the South. As part of the contribution of this paper and the research on which it is based to social entrepreneurship discourse, SEPPS may be conceived as a global social enterprise model that could catalyze South-North cooperation for poverty reduction. In this context, SEPPS deserve the attention of social entrepreneurship practitioners, policy makers and scholars alike, in the North and in the South.

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