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Postgraduate programme	Doctor of Philosophy
Title of research	Beneficiary engagement in social entrepreneurship: Perspectives on social value creation through the lens of care ethics
Location of research	Philippines

Summary

- Social entrepreneurship delivers social good to its beneficiaries through the social value creation process.
- The dissonance of intentions, approach, and outcomes of social value creation between beneficiaries and social entrepreneurs lead to vulnerability for both stakeholder groups.
- The tension between business viability and the social mission could lead to mission drift wherein the social enterprise prioritises its survival over the welfare of its beneficiaries.
- Beneficiary altruism could result in the devaluation of the beneficiaries' labour and time, which further increases the risk of exploitation.
- Their depth of engagement with the situation of the beneficiaries makes social entrepreneurs vulnerable to the beneficiaries' negative or indifferent reception of their care and to the repercussions of social mission failure.

Define the context and the issue

Social entrepreneurship (SE) is acknowledged as a viable means to alleviate poverty and its consequences (Seelos & Mair, 2005) in that it utilises a market approach to generating resources while, at the same time, creating social value for its beneficiaries (Lorenzo-Afable, Lips-Wiersma, & Singh, 2020; Porter & Driver, 2012). It addresses complex social problems brought about by poverty and inequality such as those that underlie the UN Sustainable Development Goals (Rahdari, Sepasi, & Moradi, 2016). The potential of SE in mitigating poverty has been recognised by policy makers in the Philippines, a developing country in Southeast Asia where corruption, indebtedness, inefficiency, and other structural and governance issues have led to systemic poverty and inequality (Aldaba, 2009; Serrano, 2010). In their 2021 report, the Philippine Statistics Authority (PSA) pegged the incidence of poverty at 18.6%, which equates to 19.99 million Filipinos living below the poverty threshold of PHP12,030 or NZ\$350 approximate monthly income for a family of five. Meanwhile, the PSA reports subsistence incidence, the proportion of the population whose income is not enough to provide a family of five with their basic food requirements, which amounts to PHP8,379 or NZ\$245 a month. In 2016, the 17th Congress proposed Senate Bill 176, known as the Poverty Reduction through SE (PRESENT) bill (Ito & Shahnaz, 2019). The PRESENT bill seeks to institutionalise poverty reduction through SE and promote the development of social enterprises with the poor as primary stakeholders. While civil society, notably the PRESENT Coalition, has vigorously advocated for the passing of the bill (Inquirer, 2022); it remains pending in the 19th Congress because it has not received ample support due to a lack of alignment in the definition of 'social enterprise' among the various stakeholders (Ito & Shahnaz, 2019).

As exemplified by the fate of the PRESENT bill, the SE phenomenon indeed lacks a unified definition because it 'prompts different meanings' from different stakeholders (Choi & Majudmar, 2014, p. 372). Notwithstanding this definitional ambiguity, scholars agree that the social development potential of SE fundamentally lies in its ability to create social value for its beneficiaries, and that the creation of social value underpins the ethical practice of SE (Lorenzo-Afable et al., 2020). This research explores the ethical nature of SE by comparing the perspectives of its two key stakeholders: the social entrepreneurs, who establish and manage social enterprises, and the beneficiaries, whose needs these enterprises are meant to address. It examines SVC as experienced by beneficiaries through the lens of care ethics to offer fresh insight into how SE contributes to the good of its beneficiaries. By considering the views of both beneficiary and social entrepreneur, the research considers the plurality of potentially opposing perspectives, values, and interests that is inherent in a multi-stakeholder network such as SE (Lorenzo-Afable et al., 2020). Its novel focus on the beneficiaries contributes significantly to SE literature which currently predominantly features the perspectives of social entrepreneurs and social enterprises. What is social value creation to beneficiaries in social entrepreneurship in a developing country? How do their views compare to those of social entrepreneurs?

Presently, most SE research originates from the developed world, primarily North America and Europe (Bacq & Janssen, 2011; Chell et al., 2016; Gupta et al., 2020; Lorenzo-Afable et al., 2020); thus, a significant majority of empirical studies on SVC emanate from this Western, developed world context (Lorenzo-Afable, 2022). This limited contextual view is problematic because social problems are not only more prevalent and extreme in the developing world; but the contextual (e.g., social, cultural, political, institutional, geographic, and economic) nuances that bring about and perpetuate these complex, systemic problems vary significantly from the those in the developed world (Gupta & Srivastava, 2021; Lorenzo-Afable, Singh, & Lips-Wiersma, 2021).

This research offers perspectives from the developing world, which are needed to engender a holistic, diverse understanding of SE, and lead to more inclusive SE policies and more ethical, responsive, and effective SE practice. Fieldwork was conducted in various urban and rural locales in the Philippines. A multiple case study methodology was employed on a sample from two key stakeholder groups: nine beneficiaries and seven social entrepreneurs. Each participant represented a case of beneficiary engagement. All participants engaged with for-profit SEOs which have poverty alleviation as the social mission. All SEOs in the study engaged beneficiaries as contractor-suppliers on an informal basis (i.e., no written contract). To ensure participant protection in accordance with ethical research protocol, beneficiary participants and social entrepreneur participants were engaged with different SEOs and had no connection with each other.

Findings

Social value creation as care: a comparative view

The research focused on the beneficiaries' experience of social value creation (SVC) as they work for for-profit social enterprise organisations (SEO) on an informal, per-piece/per-hour basis within a developing country context. Given that social entrepreneurs establish social enterprises to create social value for beneficiaries, the beneficiaries' experience was compared to the social entrepreneurs' view of SVC in order to develop a critical understanding of social entrepreneurship (SE) wherein social change is an outcome of the efforts of multiple stakeholders (Cameron, 2018). Findings show that, while both stakeholder groups find value in collaborative and participative beneficiary engagement (Lorenzo-Afable et al., 2020), capacity building (Altinay, Sigala, & Waligo, 2016; Lorenzo-Afable et al., 2020), resource access (Altinay et al., 2016; Di Domenico, Haugh, & Tracey, 2010), and productivity (Lorenzo-Afable et al., 2020) as identified in SE literature, there are dissonant aspects of SVC as care in beneficiary engagement which lead to heightened vulnerability for both beneficiary and social entrepreneur. Quotes from both stakeholder groups corroborate the findings below.

1. Tension between business viability and the social mission in work arrangements

The social entrepreneurs in the study see the beneficiaries' need for regular and consistent means of livelihood and income as the primary driver for beneficiaries to work for/with social enterprise organisations (SEO). They understand that the beneficiaries work to sustain their families. They acknowledge the importance of flexible working hours which allows mothers to care for their children. Despite the resonance of this view with the beneficiaries', most of the social entrepreneurs offer informal work (without written agreement) on a per-piece or per-hour basis because such an arrangement protects the SEO from the financial burden of regular, permanent employment. While the beneficiaries indeed find flexible working hours and informal work engagement beneficial because it grants mothers time to care for their children, such an arrangement does not afford them security and sustainable livelihood. Moreover, from the social entrepreneur's standpoint, there is no pressure to offer more attractive or lucrative work arrangements because beneficiaries do not have any other livelihood opportunities. The informal work arrangement offered by SEOs reflects the tension between business viability and the SEO's social mission to lift beneficiaries out of poverty. While ideally, the social mission must take precedence over the economic aspect of SE (Chell, Spence, Perrini, & Harris, 2016), it is also important that the SEO is financially stable to continue to serve its beneficiaries.

We used to have more workers here but now it is just us four. I think it is because there are times when we have nothing to do. I think the others have gone to find consistent, better-paying work. – Louise, beneficiary

They're not our employees. They're independent contractors. They work when they want to, when they can. So, if mothers are called to school, they don't need to work. If they want to care for their sick child or husband, they can. – Martha, social entrepreneur

2. Beneficiary altruism leads to heightened vulnerability

Findings show that, despite their urgent financial need, the beneficiaries are generous with their time, skills, and labour. Time is precious to them because they consider any free time as an opportunity to care for their family, especially their children. Nevertheless, they generously give their time and contribute their skills and labour to serve their community, beneficiaries from other communities, and the SEO and its advocacies. They willingly volunteer in the same manner as privileged and altruistic members of society and serve without financial compensation. Beneficiaries perform community organising roles, administrative work, retail selling, construction work, etc. The social entrepreneurs acknowledge the beneficiaries' generosity, but do not recognise the heightened vulnerability that such volunteer work engenders. From the social entrepreneurs' perspective, the beneficiaries' willingness to contribute towards the good of society reflects moral character development, a primary objective articulated by most of the social entrepreneurs.

An important thing that I learned (engaging with SEO), is how to relate to others, "sa kapwa." I see people doing hard work to help others. So, I thought to myself, if they can do it, why can't I? I wondered how it would feel to help. I wanted to know so I volunteered. I then realised that, despite the extremely demanding physical work, it feels happy to be able to help. And it feels even happier when we don't expect anything in return. If the SEO can help us, then we are capable of helping others, too. – Layla, beneficiary

3. Development of social networks gives access to resources and opportunities

The beneficiaries in the study strive to be self-sufficient, but are aware of their limitations in that they, not only lack resources and livelihood opportunities, but also the social networks to gain access to these. Some beneficiaries rely on their association with the SEO to give them the credibility and legitimacy to connect with the market, sources of funding, donors, NGOs, and

government agencies. They perceive their lack of power and influence to elicit the support and attention from these actors. They understand the constraints brought about by their socio-economic position and appreciate the credibility and legitimacy that their association with the SEO grants them. Findings indicate that, while access to social networks is explicitly important to beneficiaries, the social entrepreneurs in the study are silent on the issue. Without social network support from social entrepreneurs, beneficiaries tend to become further marginalised. The value of their products, skills, talents, and potential are not realised unless they engage with markets and society in general.

We received a financial grant from (bank) to produce (crop). The bank gave the funds to (social enterprise), who then gave it to us. The grant had to go through (social enterprise) because we have no name, no credibility. It is the (social enterprise) that has the name. – Jasper, beneficiary

From the time the livelihood programme faltered, the (social enterprise) began to keep its distance from us. At the start, they were so involved but now we no longer receive help from them. They no longer bring visitors here. They have become quiet. We say, they don't "love" us anymore. We don't understand why. – Emily, beneficiary

4. Meaningful connections and relationships

Both beneficiaries and social entrepreneurs care about building meaningful relationships on various levels.

I am not going to ever leave them because they have become a part of my life. They gave me strength when my husband passed away. And I have become strong for them. We have a solid relationship. Our roots grow deep. Their problems are my problems. And I know that they know my problems, too. – Lilian, social entrepreneur

On a micro-level, beneficiaries place significant value on the relationships within their families. They want to be able to care for their children and raise them to be moral, caring, and productive citizens. Thus, despite having extreme financial need, work-life balance is important to them. On a meso-level, beneficiaries value being part of a safe and harmonious community where there is trust and respect among neighbours. They also want to work within an organisation where they can enjoy fellowship with other beneficiaries. On a macro-level, beneficiaries appreciate the opportunity to connect with diverse groups of people – entrepreneurs, corporate executives, government officials, and beneficiaries from other communities. Relating to others broadens their perspective in life and enables them to realise their potential and possibilities beyond their current circumstance. It also builds good character by engendering understanding, open-mindedness, and acceptance of diversity.

I have many children – seven. Through God's mercy, I became part of (SEO) where I learned about good values and was able to teach them to my children. I was able to raise them properly and teach them good behaviour. That is what they teach us at (SEO) – "values formation". We practice these values in our family life. – Layla, beneficiary

There is trust among us (beneficiaries). That is the most important – that there is trust between us and our kapwa-tao (fellowman). Trust is the reason why we have no fences here. The doors do not have locks. We don't lock our doors because we trust one another. – Nancy, beneficiary

What I like most here is that we are happy while we work and make a living. We share stories about ourselves and our lives. "Yung samahan (fellowship)." It is the fellowship that we have formed that I appreciate the most. – Layla, beneficiary

Before I became a beneficiary at (SEO), I was ill-tempered and was not stranger to fights. Not that I was violent. I was mean and spiteful. I had no mercy towards other. When I became part of (SEO), I learned the importance of having moral values and living by them. So now, even if I am angry, I try to understand the other person. I try to understand why they are the way they are. I have learned to listen. – Doris, beneficiary

It is noteworthy that, while the beneficiaries did not expressly talk about their relationship with their social entrepreneurs, the social entrepreneurs in the study say that they enact their responsibility to care for their beneficiaries by endeavouring to develop a meaningful relationship with them. They treat them as family, empathise with them, and show strong commitment towards their wellbeing; sometimes going beyond the bounds of the SEO.

We were surprised that they chose to remain with us (even though we could not give them permanent employment). I asked them why because I knew that some of them didn't really enjoy baking.... One of them said, "Kuya (big brother), you are already family to me. So why would I leave you?" I told them that we couldn't afford to give them regular salaries. He replied that, that was all right and that we don't have to force the business into a precarious position. We did some crying at that one-on-one session. – Grant, social entrepreneur

I started creating some sort of collective group where we're not just shouting at one another. We try to create a space where communication should happen. At the end of the day, while they see me as the boss inside the workplace, they could see me as a son outside the workplace. – Felix, social entrepreneur

In some cases, the social entrepreneurs' empathy and commitment make them vulnerable as they are drawn into the grim, harsh, and corrupt reality of poverty. The more directly the social entrepreneurs engage with the beneficiaries, the more they become vulnerable to -- not only the harsh reality of the beneficiaries' lives, but also to the personal trauma that occurs when beneficiaries react adversely to the social entrepreneur's leadership or to their well-meaning initiatives. Martha realises that, to protect herself from the pain and frustration of failing to make a difference in the lives of beneficiaries, she must let go.

(By trying to help her) I have become the bad guy of the story. Even though I could see her (beneficiary) bruises, I had to take a step back and say that it is none of my business, -- which is against my personal ethical principles and values. This is none of my business. This is your personal business. You have seven kids, and so it the dad's presence in the family is important. So that is an example of a scenario where my moral values are telling me to do something but the context I guess I must choose my battles, and say, "All right. That's it." – Felix, social entrepreneur

We decided to stop giving school supplies to the children. It was painful for us to do so, but we had to stop so that the parents will learn to be responsible and provide for their kids. It has been difficult because we have no community development experience. We are just individuals who care, and we had no idea how to deal with people who are asking us for all these things. Emotionally, we wanted to just give, but we were surprised when the beneficiaries became so dependent. They were asking us relentlessly. – Grant, social entrepreneur

I realised that my biggest learning is -- I cannot help everyone. And I think that's the struggle of every social entrepreneur. I must accept that, and I have to let go. I can only help those who want to help themselves – Martha, social entrepreneur

Implications

Social entrepreneurs establish SEOs to create social value for beneficiaries through caring practices. However, research findings show that dissonance could occur in what the social value creation (SVC) process means for each of these key stakeholder groups. The dissonance of intentions, approach, and outcomes of SVC between beneficiaries and social entrepreneurs lead to vulnerability for both stakeholder groups. First, if not addressed, the tension between business viability and the social mission could lead to mission drift wherein the SEO prioritises its survival over the welfare of its beneficiaries. Second, if overlooked, beneficiary altruism could result in the devaluation of the beneficiaries' labour and time, which further increases the risk of exploitation. Third, social entrepreneurs and other relevant actors such as NGOs, government agencies, and private firms that deal with beneficiary groups must endeavour to recognise the beneficiaries' need to develop their own personality and identity as a distinct stakeholder group. Efforts to organise beneficiary groups and communities, as well as building partnerships that embed ownership in local communities, contribute to this end; thereby reinforcing autonomy, empowerment, and self-determination. Lastly, while beneficiaries see the relevance of positive and meaningful relationships with others in developing good moral character and personal wellbeing, they do not expressly talk about relations with their social entrepreneurs. In contrast, findings reveal that social entrepreneurs tend to become deeply and personally invested in the situation of their beneficiaries. This depth of engagement makes them vulnerable to the beneficiaries' negative or indifferent reception of their care and to the repercussions of social mission failure.

To address the potential vulnerability of both stakeholder groups as underscored by these findings, the following policy recommendations are made:

1. To ensure the sustainability of social enterprises while avoiding mission drift, government policies and programmes could support the development of an enabling environment for SEOs. These could provide access to financial resources such as grants, loans, subsidies, etc., promote social impact performance through tax incentives and tax credits, and grant preferential support in government procurement.
2. To ensure adequate living wage and fair compensation, policies that define the scope of beneficiary engagement within social enterprises must be put in place. However, the social enterprise must be defined in legal terms before these policies can be developed.
3. To build the legitimacy and credibility of beneficiary groups and communities and reinforce their capacity to engage with markets and organisations, government policies and programmes could stimulate and support the development of cooperatives.
4. To support the development of social enterprises and the achievement of their social mission, existing government agencies could be given the mandate and resources to provide relevant support to social enterprises and social entrepreneurs. Moreover, the government could support NGOs that perform this function.

In consideration of the above-mentioned policy recommendations, an overarching recommendation is made that the social enterprise be recognised and defined by law as an entity, with particular focus on its legal form and purpose.

Limitations and further research

The research has a few limitations: First, it focuses on work engagement of beneficiaries as informal contractor-suppliers. Future research could study other forms of beneficiary engagement such as in microfinancing wherein beneficiaries are clients or in social enterprises that formally employ them. Second, while the findings are drawn from the general context of a developing country in Southeast Asia, the peculiarities of Filipino culture could have an impact on these findings. Future research in different cultural and ethnic settings could expand and validate these findings.

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