

# Collective Enterprise as a Workplace: A Philippine case

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**PAYOGA-KAPATAGAN MPC  
LEARNING SITE ON  
ORGANIC AGRICULTURE**

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OWNER: PAYOGA-KAPATAGAN MPC  
LOCATION: GUIBANG, GAMU, ISABELA

**ATI-RTC 02 ASSISTED**

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**The case highlights the socio-economic model of a hitherto charitable organization that responded to the distressed conditions of poor peasants in Isabela province (Philippines) resulting as they were from natural calamities, exploitative practices of landlords and traders, and not so responsible local governance.**

In this case study, the term “collective enterprise” (CE) - i.e. enterprise co-owned and co-managed by many individuals who jointly establish, work together, and mutually operate the enterprise - is used interchangeably with the term “Social Solidarity Economy (SSE) enterprise”. The collective, social solidarity economy enterprise may have the legal personality of a cooperative, association, shareholding company, or membership-based civil society organization. Notably, the legal personality represents the organisational form of the enterprise, whereas the “collective enterprise” refers to the people’s joint socio-economic undertaking for the purpose of addressing their basic needs.

The organisation under study hitherto was a charitable NGO that re-organised into a multi-purpose cooperative. The people’s collective enterprise consisted of the production and distribution of organic fertilizer aimed at shifting local farming practice from inorganic to organic agriculture, and with the accompanying support of financial services, technical assistance, marketing support, and capacity building organised jointly by the people through their cooperative organization.

## **The COLLECTIVE ENTERPRISE Is evolving into a workplace that:**

- practices socially responsible governance
- reconnects with communities
- improves and expands the livelihood base of its peasant farmer-members
- helps peasant farmers access social protection services of governmental agencies
- transforms landless peasants into rural entrepreneurs

# Features of the Collective Enterprise (5 Dimensions of SSE)

## Dimension 1. Socially responsible governance

1.1 Marginalized, socially excluded people (i.e. landless peasants) especially the women occupy leadership positions and majority seats in the decision-making body of the collective enterprise(CE).

1.2 Leaders & managers of the CE are responsible & accountable. They are motivated to serve the people. They adhere to the triple bottom line goals of People-centered development, environmental conservation, and socio- economic sustainability.

1.3 Members are grouped into clusters, at 15 members per cluster, to facilitate broader participation in decision-making

## Dimension 2. People-centered development

2.1 The CE creates decent jobs for the marginalized, socially excluded

2.2 The CE provides access to affordable financial services, technical assistance, marketing support, and capacity building

2.3 The CE offers deposit & loan services to members. Loan facility is geared to promote organic agriculture. The CE operates a livestock & poultry contract farming program to help grow the productive assets of members.

# Engagement with Stakeholders of the Value Chain

***Engaging social impact investors:*** The CE actively engages & enters into partnership with social impact investors such as Foundation for a Sustainable Society Inc (FSSI), ICCO Cooperation, HEKS (eco waste coalition), Provincial government of West Vllanderen (Belgium), Phil Center for Agricultural Research and Rural Development (PCARRD), and Dept of Agriculture.

***Engaging private business sector:*** The CE assists members to deal with the private business sector for: 1) supply of inputs required by the individual enterprises; 2) market disposal of the produce of individual enterprises, both crops and livestock; and 3) provision of micro-insurance.

***Engaging governmental bodies for provision of social protection services:*** The CE engages concerned government agencies, to provide social protection services to members, such as: SSS (social insurance program), Pag-ibig (affordable shelter), and Philhealth (universal health coverage). The CE also systematically enrolls its members for micro-insurance.

***Engaging the export market:*** The collective enterprise has not yet embarked in export trade.



# Features of the collective enterprise (5 dimensions of SSE)

## Dimension 3. Environmental Conservation

3.1 The CE undertakes active campaign against chemical fertilisers & pesticides through promotion of and support for organic agriculture

3.2 The CE's loan facility is geared to promote organic agriculture. Lower interest is offered to borrowers who shift to organic farming and who use loan for the purchase of organic fertiliser/pesticide. Higher interest for those who use chemical fertilisers & pesticides.

3.3 Use of waste materials available locally (animal manure, farm wastes, etc) as raw materials for production of organic fertiliser, sourced largely from organic farmers and livestock raisers.

3.4 Conduct of seminars on environmental conservation in partnership with governmental agencies & environmentalist NGOs

# Features of the Collective Enterprise (5 dimensions of SSE)

## Dimension 4. Socio-economic sustainability

**4.1 Sources of funds:** The CE finances its operations mainly from internal funds & revenues of its organic fertilizer business, which accounted for 99.9% of its total revenues in 2014, 2015, & 2016. The Collective typically sells its organic fertilizer on credit. The other sources of income (accounting for 0.1% of its total revenues) are service charges from training, membership fees, income from bank deposit, and tractor services.

**4.2 Profitability:** Revenues of the collective increased from PhP 40.94 M (US \$818,900) in 2014 to PhP 70.54 M (US\$1.4M) in 2015. Its total expenses amounted to PhP34.86M (US\$ 697,246) in 2014 and PhP 52.81 M (US\$1.05M) in 2015. Over 97% of the expenses were administrative & selling costs. Net revenues amounted to PhP 6.08M (US\$121,620) and PhP17.73 M (US\$352,617), implying a return on investment (ROI) of 14.85% in 2014 and 25.12% in 2015.

**4.3 Access to basic services:** More members have access to basic services (housing, water, electricity, public transport. Membership in CE means access to finance, technical assistance, marketing support, and capacity building.

# Features of the collective enterprise (5 dimensions of SSE)

## Dimension 5. Edifying Ethical Values

The socially responsible practices of the CE are reflections of the edifying ethical values held by the leaderships and adhered to by the general membership. Edifying ethical values are principles that are put into practice and which result in building up the character and dignity of individuals involved in the collective enterprise.

The edifying ethical values of the leadership and general membership of the CE include:

1. “Bayanihan”: solidarity/cooperation/ working together
2. Respect for the rights of others, rejection of all forms of violence and discrimination
3. People at the centre of development
4. Responsibility
5. Accountability

## SDG goals addressed thru SSE features of the collective enterprise (CE)

Feature of CE	SDG being addressed	SDG Indicator
1. Socially responsible governance	<b>SDG 5. Gender equality</b>	Higher proportion of women than men in: (a) the total number of members of the CE; and (b) the Board of Directors of the CE.
	<b>SDG 16. Peace, justice &amp; strong institutions</b>	Members are satisfied with the services of the CE leadership and management. They believe decision-making in the CE is inclusive and responsive.
2. People-centered development	<b>SDG 1. No poverty</b>	Decrease in proportion of CE members with income below poverty line
	<b>SDG 2. Zero hunger</b>	Decrease in proportion of CE members who are undernourished
	<b>SDG 10. Reduced inequalities</b>	Decrease in proportion of CE members who have no access to finance

# SDG goals addressed thru SSE features of the collective enterprise (CE)

Feature of collective enterprise	SDG being addressed	SDG indicator
3. Environmental conservation	SDG 8. Decent work & economic growth	Decrease in unemployment among CE members in the labour force
	SDG 13. Climate action	Increase in proportion of community members who adopt organic agriculture, waste recycling, use of renewable energy
4. Socio-Economic sustainability	SDG 11. Sustainable cities & communities	Higher proportion of CE members with access to basic services (housing, water, electricity, public transport)
	SDG 12. Responsible consumption & production	Higher proportion of community members who practice waste sorting, & recycling/use of waste materials for composting/ organic fertiliser production

## SDG goals addressed thru SSE features of the collective enterprise (CE)

Feature of collective enterprise	SDG being addressed	SDG indicator
<b>5. Edifying Ethical values</b>	<b>SDG 16. Peace, justice &amp; strong institutions</b>	Reduced proportion of CE members subjected to physical, psychological or sexual violence

# Challenges

- Need to inculcate long term development perspective and create/ make available long-term development finance
- Need to foster greater ideological awareness among CE members and the CSO community in general on building social solidarity economy (SSE) as an alternative to neoliberal capitalism