

Business Continuity as a Perspective in Sustainability for Social Enterprise Operations: The Case of Select SE Models

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Abstract: Social enterprises are considered part of the Micro, Small and Medium Enterprises (MSMEs) in the country. MSMEs as a sector provide social and economic support both for sustenance and livelihood. However, the COVID-19 pandemic has impacted a lot of sectors including MSME. According to the data of the Department of Trade and Industry (DTI), around 52.66 percent of MSMEs fully stopped or closed their operations due to the health crisis as of April 29, 2020 (DTI, 2020). This greatly affected the livelihood and sources of income of the vulnerable groups of our society. This reality also revealed the limitation of MSMEs as a sector in terms of sustainability and business continuity, or the ability of the organization to survive economic shocks. The experience of three select social enterprise models, on the other hand, proves that the capacity of organizations to sustain their operations depends on the value that their products and services create for the customers. The scale of impact from both awareness and absorption capacity of the market, as well as the involvement of stakeholders (i.e. suppliers and customers), are also crucial in ensuring the readiness of social enterprises.

Key Words: business continuity, Micro- Small, and Medium Enterprises, social enterprise, sustainability

1. INTRODUCTION

Business continuity according to the Business Continuity Institute (n.d.) recognizes the organizational capacity of an organization to continue its operations, (the delivery of products or services and to remain sustainable following disruptive situations and similar circumstances.) and business need to develop a plan in dealing with challenges and situations that directly affect its sustainability. It prepares the organization to overcome disruption when there are disasters and other similar circumstances. The said concept is applicable to organizations from both the public and private sectors. The cases of select social enterprise models in the Philippines through this study demonstrate the need for business owners or social entrepreneurs to develop

sound plans that not only respond to short-term needs but also on a larger scale, ensure organizational sustainability through business continuity plans. The changes and realizations from the COVID-19 experience also capture some relevant insights on the following: (1) Availability of resources in terms of capital, supply, manpower, partnership, and market distribution; (2) Leadership and organizational capacity; (3) Involvement of community partners as markets, suppliers, or partners; (4) Uniqueness of design of products and services; (5) Availability of support from government agencies (national and/or local); (6) A well-defined supply chain is an enabler of business productivity; (7) Accessibility and affordability of products and services.

As a guide, the following segments of social enterprises were utilized as lens in the conduct of this study:

- Cooperative Model- a model where members are also customers of the cooperative. It promotes equal ownership and accountability based on voting power. A patronage refund is provided to those members who avail of its products/services consistently from the cooperative.
- Fairtrade organizations-a model where the social enterprise works with farmers in improving the quality of products in order to improve its quality and price points. Fairtrade prioritizes the improvement of the well-being of its key stakeholders through improved marketing and distribution channels.
- Microfinance institutions- a model of SE that provides micro and small loans to the marginalized and vulnerable members of the community without collaterals. These loans are utilized for small businesses and livelihood sources.
- New generation social enterprises- this model follows a single proprietorship or corporation structure. Social entrepreneurs work with community members as suppliers, distributors, or partners.

From there, the following models of social enterprises were assessed based on their operational, organizational, and sustainability (social, economic, and environmental) capabilities using business continuity as a perspective.

Heaven and Earth Vegetarian Center

Heaven and Earth Vegetarian Center was started in 2003 by Mr. and Mrs. Rafael Wasan. The first branch was pilot-tested in the Maharlika Building in Baguio City and was later transferred to Abanao Square Mall. The business was then passed down to the eldest child, Rama Rafael Wasan, who now serves as General Manager. In 16 years, the business grew with 3 branches, showcasing 9-12 healthy recipes and providing employment to 10 locals from the community. In terms

of price, the Center offers considerably affordable meals to the public at Php 55 per meal which includes two viands, soup, and a cup of rice. They also offer fruit juices and freshly brewed tea.

Being committed to their mission, Wasan Family is a full-fledged vegetarian. The family, in their voluntary capacity offers learning and advocacy sessions on organic farming and healthy lifestyle. It is worth noting that the majority of their raw materials are coming straight from the farms, where they are also co-owners, in order to make sure that the food they serve is organically produced. Mr. Wasan also teaches yoga and martial arts for self-defense.

Mariveles Bagmakers Cooperative

Mariveles Bagmakers Cooperative was established in 2006 by 30 members who were displaced skilled sewers of various factories in the Freeport Area in Bataan, formerly known as the Bataan Economic Zone. With an initial capital of Php 45,000, which was generated from the membership fee of Php 1500, the Cooperative borrowed an additional Php 50,000, to buy additional raw materials. From then on, the business grew which somehow prompted the local government and some national government agencies like DTI and DOLE to support the initiatives and efforts of MBC in the forms of additional capital, equipment, and technical assistance.

From an asset of Php 95, 000 in 2006, the Cooperative now has Php 39 Million in assets and around 658 members. The Cooperative is now considered a major player producing various products not just in Bataan but to the rest of the Philippines.

c. Happy House Organic Farm

Happy House Organic Farm in Rosario, Bauang, La Union, was founded by David Anttony. The farm employs six persons and has been operating one (1) hectare of land in La Union for almost six years now. The owner is a retired Canadian who decided to move to the Philippines after analyzing the importance of the environment and its critical role in mankind's survival.

He believes that Filipinos should learn how to take care of the environment through simple means like proper segregation and disposal of waste materials.

In terms of business model, David believes that farm tourism has great potential only when the locals become more responsible in maximizing the use of natural resources. Happy House in particular, tries to develop an experiential program for tourists on the farm to make them understand the idea of simple living, which has been forgotten by many. Although Happy House does not take the form of a social enterprise yet, David believes that what they do is more of creating social impact on both the locals who live in the area and the guests who visit the farm. For David, sustenance is more important than just merely creating profit.

In a year or two, the Farm plans to expand the area that is being developed to create more spaces for farming and organic fishing. To date, around 9-12 crops are being grown on a yearly basis from 3 crops when they first started the farm. It is worth noting that community organizing efforts (formal and informal training) have been conducted for select community members in the area.

2. METHODOLOGY

This study made use of case study research as an approach. It focused on social enterprises being part of the MSME sector and their business continuity models and practices as a perspective on sustainability. The study primarily focused on capturing select MSMEs' social, economic, or even environmental impact. Specifically, the case study was used as an exploratory approach to establish the convergence among these three key concepts with business continuity as perspective on sustainability.

A survey questionnaire was used to gather initial data from select SE models parallel with a review of operational reports. After which, key informant interviews and focus group discussions were facilitated in order to gather more information about sustainability practices/models and validate the initial assessment and/or trend of the data that were captured using the survey questionnaire.

3. RESULTS AND DISCUSSION

A. Transformational Role

The study has revealed that successful social enterprises are the ones who managed to ascertain their transformational roles. In the case of Heaven on Earth Vegetarian Center, the owners, who are also health advocates and vegetarians themselves, started their social enterprise with a mission of changing the behavior of people towards farming and healthy living. The family is focused on creating profit and exerting effort to make sure that local farmers' products are prioritized in their business's supply chain. Furthermore, it was noted that the effort to organize local farmers in the community, which accounts for more than 50% of their supply, has been beneficial in sustaining both the mission and business model of the social enterprise. While Happy House Farm is being operated as a family farm, (David) the owner still strives to work with key stakeholders (schools and community members), highlighting the importance of agriculture and environment preservation in community development. During the earlier years of Happy House, David conducted training and awareness seminars with selected community members with the primary objective of getting them to work on improving the state of the environment, specifically focusing on solid waste management and liquid waste disposal. Although he mentioned that the experience was a struggle at first, he still proceeded with the advocacy because of his belief that someday, people in the community would realize their critical role in the environment. Likewise, the concept of organic farming being promoted by Happy House also serves as a 'vehicle' of David in influencing the people who live in the community. Doing so, allows David to informally capacitate them with new farming innovations/ technology (e.g., sloping agriculture) that could improve their harvest and/or diversify their crafts. He also brings in some international guests who help him enhance the farm through volunteerism and agri-tourism.

On the other hand, the case of Mariveles Bagmakers Cooperative which is heavily involved in promoting local economic development for people of

Mariveles, Bataan emphasizes the importance of community organizing to economic development. Their initiatives in enabling locals to create business/livelihood models by providing them with technical assistance for skills development and affordable supplies have been very transformative in giving people equitable opportunities for their economic needs. Likewise, the products they create showcase the talents and values of the people in the community, which directly supports the tourism sector of Mariveles, Bataan, being its bag capital..

B. Scalability

Scalability, according to Nina Dudnik (2010), is the ability to increase revenues while marginal costs decrease. While this definition is categorically correct, scalability should focus not only on the profitability of for-profit organizations but also the ability of organizations (for profit/non-profit) to maximize their social impact by working with key stakeholders. The scale of these impacts, though, even if categorically quantified, is limitless and non-definitive. In social entrepreneurship, some areas where the concept of 'scale' can be quantified include (1) an increase in per capita income of community members, (2) improvement in spending pattern, (3) the number of community members directly/indirectly involved in the operations, or even; (4) the number of communities being served by the social enterprise.

Scalability is also defined as the ability of the social enterprise organizations to achieve/deliver its 'bottom lines' (economic, social, and environmental) and contribute to the larger community, the study has revealed that the social entrepreneurs interviewed in this study have invested more on partnership building and sectoral integration.

In the case of Heaven on Earth Vegetarian Center, the Wasan family helped organize a group of farmers and integrate their business models into the supply chain of HEVC. This has enabled them to have access to an organic supply of vegetables for social enterprise and at the same time help local farmers in the market aspect of their production.

The Happy House Farm, on the other hand, made use of community organizing efforts to build a certain level of awareness among key stakeholders of their SE in the community. Specifically, HHF, through David, has reached out to local institutions like schools to initiate projects related to waste management disposal and maintaining biodiversity, aside from providing local employment and promoting sustainable agriculture in the countryside. The Mariveles Bagmakers Cooperative builds its impact on its membership by providing members with a high-quality supply of their products. MBC also showcases its products and provides branding support to help market MBC members' products.

C. Value Proposition

The Social Velocity (2010) defined value proposition as the unique value of products or services being provided to customers and/or consumers. It is said that without a value proposition that can either take the form of stories or key messages, a business or a social enterprise has no place in the market. In social entrepreneurship, aside from the unique value of products/services, value proposition may also be viewed as the presence of a clear SE model where the role/s of stakeholders are outlined/ specified, and there is the proper valuation on non-monetary contribution/s as capital outlay for community members involved in the SE operation. These two will help social enterprises define the value that the organization creates not only on the outer layer of the enterprise but also in the inner layer where culture, structure, and organizational values sit.

In terms of the social enterprise's value proposition, the study has revealed that social entrepreneurs build value based on their advocacies, which are most likely influenced by how they see and understand social problems/challenges in the community. The advocacies of the founders have directly influenced the quality and kind of products/services these social enterprises are currently providing.

For Heaven on Earth Vegetarian Center, since Wasan family members are vegetarians, they started the social enterprise by influencing locals in their area to choose vegetarian food by offering them options and providing them access to raw materials. They have also involved themselves in organizing local farmers to pursue local economic development by using local farmer crops as raw materials for their vegetarian center. David of Happy House Farm has been promoting organic farming and proper waste management disposal because he believes that community members should be the ones advocating for the proper utilization of resources from the environment. MBC, on the other hand, sees its value in providing employment and livelihood models to its members, which in the long run is contributory to the local tourism of the province.

D. Inclusive Participation

The concept of Inclusive Participation highlights the level and quality of participation of stakeholders directly/indirectly involved in the social entrepreneurial endeavor. It also gives importance to sectoral representation (youth/ senior citizen/PWD/LGBT) and recognizes the equitable contribution/s of stakeholders regardless of gender. Assessment of the capacities being built among stakeholders through their informal and formal training to the SE operation is also acknowledged in this process.

It is evident that in the case of Heaven on Earth Vegetarian Center, local producers or farmers are very much involved in the supply chain of the social enterprise. While HEVC's direct service is limited to employment and production of healthy food, the effort of the social enterprise to involve and work closely with local farmers is considerably strategic and reflective of the founder's effort to work with other stakeholders. On the other hand, Happy House Farm's effort to employ locals is categorically limited as far as the business model is concerned. However, their initiative to organize community members through awareness building and action planning to address environmental risks cannot be discounted and is evidently an enabler for inclusive participation.

The cooperative structure of Mariveles Bagmakers has allowed the organization to clearly draw the line on the level and quality of participation of its members as key stakeholders. Among the three social enterprises, MBC proved clear impacts on the social and economic bottom lines with high levels of participation of community members. This has only proven that aside from the individual efforts of founders to reach out and collaborate with key stakeholders, the structural form of the organization has direct implications for the quality of participation of stakeholders.

E. Sustainability

Sustainability is moving beyond initial investment to sustenance (Dudnik, 2010). In social entrepreneurship, sustainability builds on structures, systems, roadmaps, and plans created. It highlights the ability of an organization to facilitate a business operation that follows a clear vision with a sound business plan that everybody understands and co-owns. It also talks about the capacity of community members to set out strategic directions for their communities and how they maximize the potential of social entrepreneurship as a means to improve their economic well-being.

The study has revealed that Heaven on Earth Vegetarian Center's sustainability mechanism is dependent on the capacity of the business to produce enough products through its branches as well as the ability of local farmers to supply the right amount of crops to the social enterprise. In terms of market, it is important to note that the advocacy on healthy living and organic farming has a direct impact on the business aspect of the SE, given that HEVC is very dependent on customers patronizing their products at their centers. It is good to note though, that in terms of leadership and managerial roles of the organization, HEVC has managed to establish a proper transition plan since the family members are actively involved not just in the business operation but also in the advocacy program, given that they are vegetarians themselves.

Happy House Farm's effort in infrastructure development is very strategic in making the farm more

suitable for an eco-tourism site. However, the organization needs to exert more effort in sustaining its initiatives of involving and capacitating locals in co-facilitating social entrepreneurial endeavors in the area. While HHF still needs to have a formal program for partnership building, its effort to reach out to individuals/ organizations is still an indicator of the organization's sustainability initiative. On the other hand, Mariveles Bagmakers Cooperative's efforts to organize its members through cooperative development enabled the organization to set up sustainability mechanisms both in the social and economic aspects of its primary cooperative members. The capacity-building sessions and technologies being made available to their members have substantial contributions in providing them with the necessary skills and capacities to carry out economic activities (livelihood and employment) which has a direct impact on the well-being of their members' families. Moreover, the effort of MBC to build and grow its membership prepares the organization for its expansion efforts by allowing its members to reach out to new markets locally and internationally for their products. This also allows them to promote local tourism in their province.

4. CONCLUSIONS

The experience of three select social enterprise models proves that the capacity of organizations to sustain their operations depends on the value that their products and services create for the customers. The scale of impact from both awareness and absorption capacity of the market, as well as the involvement of stakeholders (i.e., suppliers and customers), are also crucial in ensuring the readiness of social enterprises. Aspects of leadership capacity, availability of government support, and established business models are also pivotal in business continuity.

- Leadership and organizational capacity- social enterprises generally follow the basic management principle of business. One unique characteristic of social entrepreneurs is their motivation and conscious effort to be more inclusive, especially when it involves social and environmental impact. In most segments of social enterprises, participatory planning, and governance are observed as

they draw the line of accountability, ownership, and level of participation among key stakeholders and members of social enterprises.

- Involvement of community members as markets, suppliers, or partners- with inclusive and sustainable development as key principles of social entrepreneurship, their participation is non-negotiable. It is crucial for social enterprises to determine the level and quality of participation of key stakeholders in the management and operation of the business regardless of the social enterprise segments. It is worth noting that the cooperative model provides a more doable structure for this relationship/model. The equal ownership, voting power, and equitable distribution of resources are two important features of cooperatives that make it more inclusive and socially entrepreneurial. Other models like microfinance, new generation, and fair trade have more flexibility in terms of ownership structure.
- Uniqueness of design of products and services- the ability of social enterprises to innovate and be uniquely different from the typical enterprises through their product/service offerings is a crucial element in operation and, most importantly, in the sustainability of social enterprises. Considering the competitiveness of most sectors where social enterprises work (i.e., food), their ability to differentiate themselves and offer better options/alternatives allows them to address specific market niches. In the case of the cooperative model, its ownership structure, where co-owners are also considered customers/consumers, allows them to capture a specific market segment and alternatively provide additional sources of income through patronage refunds. The same applies to select microfinance institutions where the volume of market/customer is crucial in the profitability considering its loan portfolio. For fairtrade and new generation, product quality plays a critical role in product differentiation given the close similarities to the typical enterprises that offer almost the same product/service lines.
- The availability of sufficient capital infrastructure and an established partnership network enable and provide flexibility for

various social enterprise segments to continue business operations and even support expansion initiatives amidst challenges and calamities.

- Government's support through relevant line agencies (national and/or local) provides safeguards and safety nets for social enterprises to continue and innovate responsive products and services and flexible market distribution channels, particularly for the cooperative model.
- The presence of a well-defined supply chain is an enabler of business productivity. An effective and efficient supply chain mechanism affords social enterprises flexibility in service and product innovation and distribution, which contributes to business continuity. The established link with local crop producers and small farmers affords food-based social enterprises a steady supply of locally grown produce.
- The ability of social enterprises to innovate and develop products and services that are accessible and affordable to the target market helps ensure sufficient income that allows continued business operations and provides the enterprises the business acumen to hurdle impediments during challenging times.

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