

Collective Enterprise as a Workplace: A Philippine case

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

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

ATI-RTC 02 ASSISTED

*Bundling, 2007, 2008, 2009



Payoga Kapatagan MPC
Guibang, Gamu, Isabela

Reg. No. 9520-02003054
CIN 0105020149

Registered with CDA
Tuguegarao City Extension Office

TIN 002-558-940
Principal Office

THE NEOLIBERAL CYCLE

Neoliberal reforms lead to formation of:

- **Neoliberal mode of regulation:**
 - waning strength of labor
 - increased power of capital
- **Neoliberal institutional forms**
 - labor deregulation
 - financial liberalization
 - opening of the economy
 - privatization
- **Neoliberal accumulation regimes**
 - 'small' government
 - Keynesian policy: increase of government participation in economy

Crises are systemic in capitalist economy

- **Minor or cyclical crisis** (bubble collapse, economic instability)
 - increase in government intervention
- **Major or structural crisis:** followed by changes in:
 - neoliberal mode of regulation
 - neoliberal institutional forms
 - neoliberal accumulation regime

RESULTS OF CRISIS:

- growing unemployment
- worsening labor conditions
- widening income gap
- increase in poverty levels
- political repression, human rights abuse

Source: Alcorta, Juan Alfredo (2009). Neoliberal Cycles and Solidarity Economies: A comparative study of Argentina and Japan

How does social solidarity economy (SSE) respond to the crisis of neoliberal economy?

*** ORGANIZE, MOBILISE LABOR TO CREATE AN ALTERNATIV ECONOMY**

Lack of financial means on the part of the poor, marginalised, socially excluded makes LABOR the main contributory factor to resource mobilisation and investment in SSE

SSE is the process of economic activation & mobilisation of LABOR of the impoverished/marginalised sectors of society to foster alternative solutions to the crisis of employment and the welfare state that is systemic in the neoliberal economy.

SSE is part of a movement set to make a different kind of economy, structured around a democratic, equalitarian and communitarian form of economic organisation, seeking to establish itself as an alternative model to neoliberalism (Neamtan, 2002).

CASE STUDY: PAYOGA-KAPATAGAN MULTIPURPOSE COOPERATIVE (PK- MPC)

PK-MPC was a charitable NGO that re-organised into a multi-purpose cooperative. The case study highlights the socio-economic model of the cooperative in response 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.

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 organisation.

In the 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.

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.



Organic Fertiliser produced for member-clients



Organic fertilizer production shop





Native hogs for dispersal to member-clients



Free range chicken for dispersal to member-clients

The COLLECTIVE ENTERPRISE is evolving into a workplace that:

- is owned and managed by poor/marginalised peasants (reconciles/integrates into one person the functions of worker, manager, and owner which capitalism assigns to 3 separate persons)
- harnesses labour power for the transition from inorganic to organic agriculture
- practices socially responsible governance
- reconnects with communities (solidarity with various stakeholders in the community)
- improves and expands the livelihood base of its peasant farmer-members
- facilitates access of peasant farmers to 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) are the owner-managers of the coop. More female members than male. Women occupy leadership positions & majority seats in the CE decision-making body.

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. It facilitates access to social protection programs of the government

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, particularly the small & medium enterprises (SMEs), for: 1) supply of inputs required by the individual enterprises; 2) market disposal of the produce of household 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(people & planet over profit)
4. Self-management, participation
5. Orderly, Efficiency, viability, sustainability
6. Responsibility, accountability, reliability

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

Feature of CE	SDG being addressed	SDG Indicator
1. Socially responsible governance	SDG 5. Gender equality	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.
	SDG 16. Peace, justice & strong institutions	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	SDG 1. No poverty	Decrease in proportion of CE members with income below poverty line
	SDG 2. Zero hunger	Decrease in proportion of CE members who are undernourished
	SDG 10. Reduced inequalities	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
5. Edifying Ethical values	SDG 16. Peace, justice & strong institutions	Reduced proportion of CE members subjected to physical, psychological or sexual violence

Challenges

- Inculcation of long term development perspective and development/ access to long-term development finance
- Fostering greater ideological awareness among CE members and the CSO community in general on building social solidarity economy (SSE) as an alternative to neoliberal market economy.
- Mapping (identifying SSE stakeholders/actors, who/where they are, what is their business model, what they do/ what products they produce or services they provide
- Building synergies/collaborative partnerships among stakeholders/actors doing similar activities in the same strategic part of the value chain (producers, financing, logistics, marketing/ trading, capacity building, research/advocacy, etc..
- Continuing studies on socio-economic linkages among collective enterprises and the development of value chains (at national & international levels) owned and operated by the poor/marginalised.