

Community-Embedded Entrepreneurship as a Force for Good: Insights from Philippine Case Studies

John Laurence A. Robes and Patrick Adriel H. Aure*

ABSTRACT

Entrepreneurs increasingly recognize that being a force for good requires genuine partnership with marginalized communities, creating opportunities to challenge conventional business and development thinking. Through analysis of four award-winning Philippine social enterprises, this study examines how these partnerships generate economic, social, environmental, and cultural value simultaneously. The enterprises studied demonstrate strategic hybridity, dynamically navigating between traditional practices and market demands rather than choosing one over the other. Resource constraints and cultural assets, typically viewed as limitations, become sources of innovation unavailable to mainstream businesses. These community-embedded enterprises achieve what we term "embedded autonomy" - gaining market flexibility precisely through deepening community ties rather than loosening them. The findings suggest that business as a force for good requires recognizing and supporting diverse organizational forms emerging from the margins, not imposing standardized models. This has implications for development practice, funding approaches, and how we theorize entrepreneurship itself.

Keywords: Community-embedded entrepreneurship, Social enterprise, Indigenous innovation, Strategic hybridity, Business as a force for good, Philippines

* Ramon V. del Rosario College of Business, De La Salle University, Philippines

© BML Munjal University, Journal of Business, Ethics and Society

DOI:- <https://doi.org/10.61781/5-2II2025/3bmlm>

INTRODUCTION

“Aries, napag-iwanan na tayo...” (Aries, we have been left behind...)

Ariestelo Asilo’s lament captured the frustration of many Filipino farming communities feeling sidelined as technology and markets surged ahead. Yet today, his company Varacco uses IoT sensors to help 267 farmers earn premium prices for coffee—up to ₱1,200 per kilo versus the ₱150-200 middlemen pay. Varacco’s story reflects a wider phenomenon: across the Philippines, marginalized communities are building enterprises that transform perceived disadvantages into competitive strengths.

These enterprises matter beyond their immediate economic impact. The rising discourse on “business as a force for good” seeks alternatives to shareholder primacy and extractive capitalism (Freeman, Phillips, & Sisodia, 2018; Porter & Kramer, 2018). Yet most models remain rooted in Western organizational forms like social enterprises, B-corporations, or hybrids. What if communities starting from entirely different premises could teach us new ways to create value?

The notion of value-driven business aligns with the United Nations’ efforts to bridge gaps in physical, economic, and social development. It wasn’t until 2015 that the Sustainable Development Goals (SDGs) provided a global framework to eradicate poverty and drive sustainable development (United Nations, 2015). The 17 SDGs aim to empower economies, societies, and the environment, offering benchmarks to evaluate progress across diverse regions.

However, the problem runs deeper than organizational design. For decades, development interventions have failed marginalized communities by assuming they need transformation instead of support (Davis, 1993; Burkey, 1993). Programs often impose individual entrepreneurship training on collectively oriented societies or promote “best practices” derived from Silicon Valley or London in places with sophisticated indigenous organizational traditions. Transitioning from government programs to market mechanisms hasn’t solved this problem—it has merely changed the uniform imposed (Dees & Elias, 1998).

This binary thinking—either preserving culture in poverty or abandoning it for markets—overlooks the real innovation on the ground. Communities aren’t choosing between tradition and modernity. They are creating new models that integrate both. Peredo and Chrisman (2006) began documenting these community-based enterprises, but we still need deeper insights into how cultural embeddedness can enable, rather than constrain, value creation.

This study examines four Philippine social enterprises that won the 2024 RVR Siklab Awards to address these questions: How do enterprises created with and embedded in marginalized communities generate both positive economic and societal value while advancing community well-being? What mechanisms enable these community-embedded enterprises to create multiple forms of value simultaneously? How do concepts of strategic hybridity and innovation from margins explain their success? And what can mainstream “business as a force for good” discourse learn from these alternative models?

The article proceeds as follows. First, we review literature on failed development approaches, collective entrepreneurship, indigenous enterprise mechanisms, and organizational hybridity. Next, we develop a theoretical framework proposing strategic hybridity and innovation from margins as key mechanisms. The methodology section explains the case study approach and data sources. Four detailed case analyses follow, then cross-case findings testing the propositions. The discussion explores implications for theory and practice before concluding with reflections on recognizing diverse paths to creating business as a force for good.

LITERATURE REVIEW

The Failure of Conventional Development Approaches

Traditional poverty alleviation programs have consistently failed in indigenous and marginalized communities despite massive investment. The core problem, as Vázquez Maguirre and Portales (2017) identify, lies in their paternalistic design that “seeks cultural assimilation and does not take into account local organizations” (p. 323). Rather than building on existing strengths, these programs attempt wholesale transformation of communities according to external models.

The consequences have been perverse. Cornwall (1998) documents how development activities meant to reduce poverty have actually "compromised community support systems and contributed to the creation of real poverty" by disrupting traditional reciprocity networks and creating dependencies on external resources. Crewe and Harrison (1998) found that communities often participate in development programs only as long as tangible rewards like food aid continue, developing what critics call a "beggar mentality."

Even well-intentioned participatory approaches fail when they create new institutions that weaken or replace local conventions. Davis and Ebbe (1993) show how externally-induced development projects meet "intransigent power structures, inappropriate legal frameworks, widespread prejudices, and deficient consultation processes" that defeat attempts at genuine involvement. The shift from government welfare to market mechanisms under neoliberal policies hasn't solved these problems - it has simply changed their form (Johnson, 2000).

Small business development programs specifically fail because they assume individualistic entrepreneurship models inappropriate to collectively-oriented societies. Peterson (1988) argues that "societies differ substantially in the degree to which they incorporate elements of individualism," yet programs continue exporting Silicon Valley-style entrepreneurship training globally. Dana (1988) found that in Peru, promoting individual small businesses without understanding communal economic systems actually increased inequality and social fragmentation.

Against this backdrop of failed individualistic approaches, scholars have begun documenting collective forms of entrepreneurship emerging from communities themselves. Peredo and Chrisman (2006) offer the most comprehensive theorization, defining community-based enterprise (CBE) as "a community acting corporately as both entrepreneur and enterprise in pursuit of the common good" (p. 310).

This reconceptualization draws on anthropological insights about economic embeddedness that mainstream entrepreneurship theory ignores. Granovetter (1985) challenged the view that modern economies operate through arms-length market transactions, showing how "concrete personal relationships and networks of relationships are crucial components in the functioning of an economic system" (p. 481). What neoclassical economics dismisses as friction - social obligations, reciprocity expectations, collective decision-making - these communities transform into productive capacity.

Social capital theory helps explain how communities convert social relations into economic resources. Coleman (1988) identified how dense networks, trust, and shared norms can facilitate productive activity by reducing transaction costs and enabling collective action. Putnam (1973) demonstrated that communities with higher social capital achieve better economic outcomes through enhanced cooperation. For marginalized communities lacking financial capital, social capital becomes the primary resource for enterprise creation. Despite these, concerns remain.

Peredo and Chrisman (2006) acknowledge definitional ambiguity: "communities may be delineated by political boundaries or defined by shared geographical location with collective culture, but offer limited guidance on how hybrid or contested community identities affect enterprise formation" (p. 312). How do communities with internal divisions create unified enterprises? What happens when growth requires including outsiders? These tensions need examination.

Mechanisms of Success in Indigenous Social Enterprises

Moving beyond conceptualization to empirics, Vázquez Maguirre and Portales (2017) provide the most detailed analysis of how indigenous social enterprises actually operate through comparative case studies of the Ixtlán Group in Mexico and Granja Porcón in Peru. They identify four key mechanisms distinguishing these enterprises from conventional businesses.

First, these enterprises treat labor as a source of quality of life rather than merely income. The Ixtlán Group provides comprehensive benefits including "social security, housing, paid vacations, productivity and punctuality bonuses, profit sharing, retirement pension, paid overtime, and 48 hours per week schedule" (p. 331) - remarkable in Oaxaca where 75 per cent of the population lacks such benefits. Workers can access interest-free loans up to US\$1,450 for emergencies or starting small businesses. The no-layoff policy enables long-term planning and financial stability rare in these communities.

Second, gender equality is structurally embedded rather than adopted as policy. Both enterprises "demand equal treatment between men and women" with "salaries subject to job specifications, regardless the gender of the

worker" (p. 332). About a third of Ixtlán Group workers are women, with three of eight companies run by women in 2012. This challenges deeply ingrained cultural patterns - one female manager admits "some comuneros would not accept it at the beginning, but the CBC backed me up" (p. 332).

Third, resource exploitation follows sustainable principles rooted in indigenous cosmologies. The Ixtlán Group exploits only 17.9 per cent of its 19,310 hectares of forest, preserving the rest as ecological reserve. They maintain a greenhouse producing half a million pine trees annually for reforestation, achieving 100 per cent replacement of harvested areas. These methods have earned Forest Stewardship Council certification and reduced pine growth cycles from 65-70 years to 40 years through selective cultivation.

Fourth, benefits are distributed equitably across economic, social, and environmental dimensions. Thirty per cent of profits go to community development, another 30 per cent to forest management, 30 per cent to business capitalization, and 10 per cent split between employee funds and profit sharing. This ensures that economic success translates into broader community well-being.

However, Vázquez Maguirre and Portales (2017) focus on successful cases without examining failures or internal contradictions. They note but do not explore tensions: "some employees believe the organizations have lost their purpose and are now helping stakeholders that they were not intended to help" (p. 336) when enterprises hire from neighboring communities. Gender equality initiatives face resistance. Youth who gain education through enterprise support often leave permanently. These complexities deserve deeper investigation.

Hybridity and Postcolonial Navigation

The most recent theoretical development comes from Morales, Calvo, Guaita Martínez, and Martín Martín (2020), who apply postcolonial theory to understand how indigenous enterprises navigate between traditional practices and market demands. Drawing on Bhabha's (1984) concepts of mimicry and hybridity, they reveal complex negotiations beyond simple tradition-modernity binaries.

Their framework shows how indigenous organizations must appear legitimate to external stakeholders while internally operating according to cultural logics. This creates what Bhabha (2012) calls a "third space" - organizational forms that are "almost the same but not quite" (p. 126) as conventional enterprises. The process involves strategic adoption of Western business forms while maintaining core cultural practices.

Through analysis of five Colombian indigenous enterprises, Morales et al. (2020) identify four strategies of hybridization. First, deviating from formal practices - appearing to comply with regulations while actually operating differently. Second, innovating informal practices - adapting traditional methods for contemporary challenges. Third, creating complementarity between formal and informal systems. Fourth, deploying informal practices as a deliberate organizational strategy.

A crucial insight involves power dynamics in formalization. As one participant notes: "dominant discourses are imposed upon the ISEs, as usually grants, funding and donations are subject to certain conditions and agendas that legitimate the colonized vs colonizers subject" (p. 219). This reveals how indigenous organizations must navigate ongoing colonial relationships encoded in funding requirements, reporting systems, and legitimacy criteria.

The technology dimension particularly illuminates these negotiations. Organizations adopt Internet of Things sensors or social media not as modernization but as tools for cultural preservation. They present themselves as "tech startups" to investors while operating as traditional cooperatives internally. This "code-switching" represents sophisticated postcolonial navigation rather than simple deception.

However, there is still the matter of agency versus structure. When indigenous organizations adopt Western forms, is this strategic adaptation or forced compliance? The framework may romanticize resistance while underplaying structural constraints. Additionally, treating communities as homogeneous obscures internal power dynamics - who controls these hybrid organizations? Do traditional elites capture benefits while maintaining collective rhetoric?

Synthesis and Gaps

This literature establishes important foundations while revealing significant gaps. We know that conventional development fails by imposing inappropriate models, that communities can act collectively as entrepreneurs, that

successful indigenous enterprises operate through distinct mechanisms, and that hybridity helps navigate between traditional and modern demands.

But critical questions remain unanswered. Where are the failures? What can we learn from CBEs that collapsed or abandoned their social missions? How do communities handle internal dissent and power struggles? Can these models work in urban or displaced communities without territorial bases? How does digital transformation affect community control? What happens when growth requires compromising cultural values?

Most fundamentally, existing literature treats these as special cases requiring separate theory rather than sources of insight for mainstream business. What if these margins generate innovations applicable more broadly? This study addresses these gaps through systematic analysis of how community-embedded enterprises create value across multiple dimensions.

THEORETICAL FRAMEWORK AND PROPOSITIONS

Building on yet extending existing literature, we propose a framework of community-embedded entrepreneurship that positions these enterprises as sources of innovation rather than subjects for development. The framework identifies mechanisms through which marginalized communities create organizational forms generating superior outcomes across multiple value dimensions.

Community-Embedded Entrepreneurship Framework

Peredo and Chrisman's (2006) study explored the idea of community-based enterprises, defined as organizational forms where community membership and business participation substantially overlap and create recursive relationships between enterprise success and community well-being. This is further observed as "the community acts as an entrepreneur when its members, acting as owners, managers, and employees, collaboratively create or identify a market opportunity and organize themselves in order to respond to it" (Peredo and Chrisman, 2006, p. 315) implying that such enterprises operate through permeable boundaries where community obligations become productive resources.

Such community obligations were the subject of Vázquez Maguirre and Portales' (2017) empirical findings wherein they navigate multiple institutional environments simultaneously. Peredo and Chrisman (2006) highlights that on a local level, their obligations lie within traditional governance systems, cultural norms, and reciprocity network that are considered as "ancestral traditions of community management and decision making" that are "revitalized to play an important part in the communal life into which enterprise is woven" (p. 320) but are still subject to national legal frameworks, market regulations, and developmental policies often designed without indigenous output. This also means that there is a need for these enterprises to also engage international markets, development agencies, and social enterprise movements that bring resources but also impose agendas.

Beyond the obligations fulfilled by these community-embedded enterprises, they also exist as intersections between knowledge systems, a dynamic that Morales et al. (2020) explored through their postcolonial lens suggesting that community-embedded enterprises exhibit indigenous knowledge that are holistic, place-based, collectively held, spiritually grounded and also technical and market knowledge that is specialized, standardized, individually acquired, and materially focused. Morales et al. (2020) notes that such presence of knowledge creates a "third space" where "indigenous people negotiate and articulate their identity by creating a hybrid form from the clashing and/or blending of two or more worlds" (p. 213). Neither system is pure or static given that indigenous knowledge contains internal stratification by gender, age, and clan and technical knowledge carries implicit power relations that could potentially be beneficial to the community being served by such enterprises.

Proposition 1: Strategic hybridity.

We propose that successful community-embedded enterprises practice strategic hybridity that dynamically navigates between traditional and modern organizational forms rather than adopting stable mixtures. This extends Morales et al.'s (2020) documentation of hybrid outcomes to theorize hybridity as active capability. As they observe, "the process of mimicry refers to the internalisation of development, and hybridity is the result of the creative resistance by the contestation of the IOGs in the 'third space'" (p. 213).

This involves three mechanisms grounded in the literature. First, code-switching between organizational identities depending on the audience which Morales et al. (2020) describe as organizations that "must adopt a business-like persona as a consequence of institutional isomorphic pressures" while maintaining cultural practices internally. Second, selective revelation of organizational features that emphasize technology adoption for modern legitimacy while highlighting traditional knowledge for authenticity, a pattern Vázquez Maguirre and Portales (2017) document in their cases. Third is performing development narratives while practicing sovereignty through the use of language of poverty alleviation and sustainable development goals while actually asserting control over resources and destinies, what Peredo and Chrisman (2006) call pursuing "the common good" on community terms.

This capability emerges from marginalized positions that require constant navigation between worlds. Unlike organizations operating within single institutional frameworks, community-embedded enterprises must satisfy multiple, often contradictory demands. This necessity becomes capability in order to navigate and develop skills unavailable to organizations in dominant positions. This results in expected outcomes aligned with resources from multiple sources without full capture by any single logic, legitimacy with both communities and external stakeholders that pure traditional or modern forms cannot achieve, and strategic flexibility to shift between positions as circumstances require. The proposition suggests examining not whether organizations are hybrid but how they actively manage hybridity.

Proposition 2: Innovation from the margins.

The second proposition challenges deficit views of marginalization by theorizing how peripheral positions generate unique innovation capabilities. This builds on Peredo and Chrisman's (2006) observation that "CBEs are created on the basis of collectively owned cultural, social, and ethnic endowments" that create "solidarity among community members and receptivity to collective action" (p. 318). Resource constraints combined with these cultural assets create conditions for innovations unavailable to resource-rich actors operating within dominant paradigms.

Four mechanisms drive marginal innovation, synthesized from the three core articles. First, bricolage with limited resources forces creative recombination of available materials in ways that resource-abundance would never motivate. Vázquez Maguirre and Portales (2017) documented these as communities using "faena" (unsalaried community work) to purchase machinery and irrigation systems. Second, cultural assets provide differentiation that mainstream organizations cannot replicate i.e. authentic traditional knowledge, community trust networks, spiritual connections to land that Morales et al. (2020) identify as "cosmovision (beliefs, values and pillars)" shaping organizational behavior.

Third, longer time horizons from thinking in generations rather than quarters enable patient innovation with distant payoffs as exemplified by Peredo and Chrisman's (2006) cases where communities plan for "sustainable individual and group benefits over the short and long term" (p. 310). Fourth, network strategies compensate for scale limitations by creating federations and alliances, as documented in all three articles through examples of community enterprises inspiring neighboring communities to create similar ventures.

This is not romanticizing poverty. Rather, it recognizes that mainstream business operates within paradigmatic constraints that abundance reinforces. Marginal positions force questioning of assumptions that dominant positions take for granted. When you cannot access conventional resources, you must innovate alternatives. When standard practices exclude you, you must create new ones.

Expected outcomes include novel organizational forms that recombine elements in unprecedented ways, products and services with cultural authenticity commanding premium prices, sustainable practices emerging from necessity rather than choice, and demonstration effects as innovations spread to neighboring communities. The proposition examines how constraints enable rather than prevent innovation.

METHODOLOGY

Case Study Approach

This research employs multiple case study methodology to examine how community-embedded enterprises create value across multiple dimensions. We use enterprises as a general term in which they could be registered as a for-profit or non-profit entity, as long as there are enterprising activities relevant to generating economic and

societal value. Case studies suit research asking "how" and "why" questions about contemporary phenomena within real-life contexts where boundaries between phenomenon and context blur (Yin, 2017). Given limited theory on community-embedded entrepreneurship, case studies can reveal patterns and mechanisms for theoretical development.

We selected exemplar cases demonstrating the phenomenon of interest particularly clearly. While not statistically representative, exemplar cases can reveal possibilities and mechanisms that probability sampling might miss. The goal is not generalization to populations but theoretical elaboration towards understanding how and why community-embedded enterprises succeed.

Case Selection

Cases were selected from winners of the RVR Siklab Awards, given by the PHINMA Corporation in partnership with the Ramon V. del Rosario College of Business, De La Salle University. The RVR Siklab ("spark") Awards aim to recognize outstanding Filipino youth who demonstrate entrepreneurial spirit, impact on making lives better, and contribution to nation-building. This aligns with this study's focus on enterprises creating multiple forms of value.

From the 2024 awardees, we selected four cases using maximum variation sampling to capture diversity across key dimensions:

1. **Masungi Georeserve Foundation** - Conservation and ecotourism in critical watershed areas, partnering with Dumagat-Remontado communities
2. **MAD (Make A Difference) Travel** - Regenerative tourism and reforestation across multiple indigenous communities in Zambales
3. **Varacco Inc.** - Coffee value chain development integrating IoT technology with traditional farming across indigenous communities
4. **Kandama Social Enterprise** - Indigenous textile preservation through global fashion markets in Ifugao UNESCO heritage sites

These cases vary across indigenous engagement models (from partnership to full community ownership), geographic regions (Luzon locations from mountains to coasts), growth strategies (single-site depth to multi-site replication), and technology adoption (traditional methods to IoT integration). This variation enables cross-case comparison to identify common patterns while accounting for contextual differences.

DATA COLLECTION

Data came from multiple sources to enable triangulation. Primary sources included detailed award profiles documenting each enterprise's history, operations, impacts, and challenges. These profiles, based on extensive evaluation processes, provide rich operational detail verified by the award committee. Awardees were also interviewed extensively regarding the work they do in support of the documented profile used in the award evaluation.

Secondary sources expanded understanding through media coverage, organizational reports, and social media presence. News articles revealed public positioning and external perceptions, while annual reports and websites provided operational data. Social media pages were also observed to show ongoing activities and community engagement while academic articles mentioning the enterprises added analytical perspectives. Video interviews with award recipients available on YouTube, were also utilized for assessment providing direct accounts of motivations, strategies, and challenges. These first-person narratives revealed thinking behind documented activities

Analysis

Analysis proceeded through systematic steps. First, within-case analysis developed a detailed understanding of each enterprise's context, emergence, operations, and outcomes. We created case narratives highlighting mechanisms of value creation and strategic choices.

Cross-case analysis followed, using pattern matching to test propositions (Yin, 2017). We examined whether predicted patterns - strategic hybridity and marginal innovation - appeared across cases. Similarities and differences revealed boundary conditions and contextual influences. Throughout analysis, we maintained chains

of evidence linking claims to specific data sources. This guards against speculation while enabling theoretical development grounded in empirical observation.

Limitations

Several limitations bound this study's claims. Document analysis cannot access internal dynamics that ethnographic research might reveal. Focusing on award winners may obscure struggles and failures that complete understanding requires. The Philippine context, while rich for studying community-embedded enterprises, may generate insights not transferable to other settings. These limitations suggest interpreting findings as revealing possibilities rather than necessities to show what community-embedded enterprises can achieve under supportive conditions rather than what they must achieve everywhere.

Case Analyses

Masungi Georeserve Foundation.

In the 1990s, the Dumaliang family discovered rampant illegal logging and quarrying destroying limestone karst formations near Antipolo, Rizal. This watershed serves 20 million Filipinos downstream, making its degradation a regional threat. Instead of buying land solely for private conservation, the family built an innovative model combining environmental protection with community development.

Masungi operates through sophisticated dual structures. Formally, it functions as a professional conservation organization with scientific monitoring, global partnerships, and world-class ecotourism. Informally, it engages deeply with the Dumagat-Remontado indigenous communities, who hold ancestral domains over parts of the landscape. This duality is not mere regulatory compliance but strategic navigation between conservation science and indigenous knowledge systems.

Ann Dumaliang, now 32, leads the organization with her family. She emphasizes the value of international recognition: "The international space has been a huge source of social fencing for us." When local politicians or quarrying interests threaten the reserve, international awards from IUCN, UNEP, and coverage in *Vogue* and *National Geographic* provide protection by elevating Masungi's profile and making it harder for local power structures to act unchecked.

Knowledge integration underpins Masungi's success. Rangers blend traditional forest knowledge with modern enforcement. The Dumagat-Remontado's practice of "cultivating water" through rituals aligns with scientific watershed management. Trails follow ancient paths while meeting international safety standards. Each element simultaneously serves indigenous and scientific logics.

Masungi demonstrates multi-dimensional value creation. Economically, it generated over \$1 million in multiplier effects pre-pandemic, with half of visitors new to the area. Socially, it employs 100 local rangers, achieving a 1:27 hectare monitoring ratio—vastly better than the national average of 1:4,000. Environmentally, it protects 2,700 hectares and has planted 60,000 native trees. Culturally, it empowers the Dumagat-Remontado to exercise rights over their ancestral lands.

However, tensions persist. The two-year fight to close three quarries required coalitions with over 70 organizations and 20,000 petition signatories, highlighting that community power alone wasn't enough and broader alliances were essential.

MAD Travel.

Rafael Dionisio founded MAD Travel not from a conservation crisis but from recognizing untapped potential. Working with indigenous communities in Zambales, he saw remarkable cultural and natural assets amid persistent poverty. Instead of creating tours for tourists to gawk at "authentic" communities, MAD positioned locals as co-creators and primary beneficiaries.

MAD operates as a network connecting six communities totaling 176 families. Each community runs autonomously but follows MAD standards for quality and sustainability. Revenue sharing is clear: 20% goes to partner communities, and an extra 5-10% to key communities, incentivizing quality experiences.

Dionisio's approach to knowledge translation is key. Communities don't merely perform traditions for visitors. MAD helps them adapt cultural assets to modern markets. Traditional recipes evolve into menus catering to pescetarian, vegan, and halal preferences. Cultural stories become interactive experiences. The "Sustainability

Shakedown” workshop exemplifies this translation—teaching ancient seed-saving practices through smoothie-making that urban guests easily relate to.

MAD’s philosophy is summed up by the idea that “People only take care of things they understand.” Rather than freezing communities in time, the model helps them evolve while maintaining cultural roots. Partnerships like the one with Hineleban Foundation for reforestation show strategic alliances with organizations sharing similar values.

COVID exposed vulnerabilities, slashing revenues from ₱16 million to ₱1 million and revealing dependence on international tourism. Yet communities adapted, pivoting to domestic markets, virtual tours, product delivery, and stronger local marketing. Recovery to ₱11 million by 2023 underscores the model’s resilience.

Transformation extends beyond economics. Dionisio describes a shift from “begging to entrepreneurship.” Children attend school more consistently. Families avoid hunger during storms. Communities now volunteer to help other indigenous groups replicate the model. A 60% income increase in Yangil quantifies these deeper changes.

Varacco Inc.

Ariestelo Asilo’s path from recognizing exclusion to founding a technology-enabled social enterprise shows how innovation emerges from the margins. With degrees in nutrition and management, he could have pursued conventional careers but returned to coffee farming communities confronting gaps between their potential and market positions.

Varacco’s institutional structure reflects strategic multiplicity. Legally a for-profit corporation to satisfy investors, it allocates 30% of its budget to community development. Governance requires *cabildo* (indigenous council) approval for major decisions, appearing as different entities to stakeholders yet maintaining a unified mission.

The Farmer-Scientist Training Program embodies knowledge system dialogue. Farmers become “scientists,” using IoT sensors to monitor soil moisture and nutrients while still relying on traditional indicators like plant appearance and insect behavior. Technology serves culture rather than replacing it—SMS delivers scientific data in formats respecting oral traditions while creating documentation for credit access.

Asilo’s network strategy validates theories about scaling through networks rather than centralized growth. Instead of becoming a large corporation, Varacco builds a network of 267 farmers across regions, 30 PWDs in processing, and 30 youth baristas in retail. Each node remains small enough for personal governance, while the network achieves scale efficiencies.

Varacco’s financial model blends grants from USAID, USDA, and ADB with revenue from coffee sales and training fees. The bold “buy high” strategy—paying ₱600-1,200 per kilo versus the ₱150-200 middleman price—seems irrational in traditional business terms but secures quality supply, farmer loyalty, and social impact that attracts further funding.

Technology adoption remains selective: IoT sensors and solar power fit local contexts, while face-to-face training preserves relationships. This balance lets marginalized communities engage technology on their own terms.

Kandama Social Enterprise.

Victor Baguilat’s enterprise arose from a paradox—a UNESCO World Heritage rice terraces surrounded by 54.92% poverty. Despite their artistry, Ifugao weavers couldn’t earn living wages. With indigenous heritage and international fashion training, Baguilat saw opportunity where others saw a clash between tradition and modernity.

Kandama’s governance reflects strategic evolution. Initially, elders led based on traditional authority. As operations grew complex, expertise gained importance while still honoring cultural hierarchy. Kandama’s refusal to become a cooperative despite government pressure reflects deliberate resistance, favoring community-wide ownership over member-limited benefits—a choice rooted in understanding the different logics behind legal structures.

Kandama’s market strategy epitomizes sophisticated hybridity. At Paris Fashion Week, it showcases contemporary fashion integrating traditional Ifugao weaves. Locally, it operates through cultural obligations and reciprocity. Paying ₱650 per yard—double the minimum wage—forces market recognition of indigenous artistry

as luxury rather than mere folklore. Each fashion show becomes a stage for asserting indigenous aesthetics in high fashion.

Gender dynamics are delicately managed. Of 29 trained weavers (5.2% of the village), most are women, challenging traditional male-dominated household economics. Yet this isn't imposed Western feminism. It builds on indigenous respect for women's weaving expertise, creating new economic power while maintaining cultural balance.

"Kandama," meaning "power" locally, manifests in multiple ways: economic empowerment through fair wages, consumer power via culturally significant fashion, and community power through global recognition. Innovation at the margins appears in product design; rather than simply sewing traditional textiles into Western garments, Kandama creates new applications like bomber jackets and modern silhouettes, respecting both weaving techniques and fashion market demands.

CROSS-CASE ANALYSIS AND FINDINGS

Testing Proposition 1: Strategic Hybridity

All four cases demonstrate dynamic positioning between traditional and modern forms, confirming strategic hybridity as essential capability rather than static compromise. The mechanisms operate as predicted but with nuances.

Code-Switching.

Code-switching appears across all cases but takes different forms. Masungi presents conservation science narratives through its model with efforts impacting the community, holistic approach that integrates environmental sustainability with community welfare, actively involving local communities in protecting their ancestral lands. MAD Travel conducts "tourism business" for investors towards ecological sustainability and "community development movement" for partners through cultural preservation. Varacco appears as a "tech startup" in innovation competitions through eco-friendly product development while operating as a farmer cooperative in communities. Kandama performs "high fashion" in Paris through indigenous craftsmanship being exhibited in their products and designs while maintaining community obligations in Ifugao.

Each audience has legitimate expectations that cannot be satisfied by single organizational forms. Strategic hybridity enables accessing resources from multiple sources including grants requiring modern governance, communities expecting traditional reciprocity, customers wanting authentic experiences, investors seeking returns.

Selective Revelation of Organizational Features.

Selective revelation proves more complex than simple showing or hiding features. Organizations strategically sequence revelations such as Varacco introducing technology to the local farmers after establishing trust through fair prices. They also layer revelations much like how Kandama shows traditional weaving to establish authenticity, then contemporary applications including designs and variations to justify premium pricing. Masungi utilizes drones and satellite imagery to monitor and manage the health of the forest and its biodiversity while also involving the Dumagat communities to take part in forest management while technological advancements related to training the community as well as webinar kits for social enterprise and design thinking are being done in MAD Travel.

Such advancements in their respective enterprises are crucial for overall development but the integration of the community, in this case, various indigenous groups of people, is also established to be necessary for each case's successes. Through well integrated efforts of both the enterprise and the community, such revelation is evident.

Performing Development Narratives.

The performance of development while practicing sovereignty emerges as particularly sophisticated. All four enterprises use sustainable development goal language, poverty alleviation narratives, and social impact metrics. Simultaneously, they assert control in their own ways: Masungi over watersheds, MAD over tourism narratives, Varacco over value chains, Kandama over cultural representation. This is not a contradiction but strategic multiplicity.

Testing Proposition 2: Innovation from Margins

The innovation proposition finds strong support with important elaborations. Resource constraints do drive creativity, but not through simple necessity. Instead, constraints force questioning assumptions that resource abundance never challenges.

Bricolage with Limited Resources.

Bricolage appears everywhere but goes beyond making do with available materials. MAD Travel combines seed-saving with smoothie-making not just because modern equipment is unavailable but because the combination creates new meaning. Varacco uses SMS not just because smartphones are scarce but because text respects oral culture while creating documentation. The innovations emerge from creative combination rather than pure limitation.

Cultural Assets.

Cultural assets provide differentiation as predicted, but the mechanism proves more complex than simple authenticity. These enterprises do not just offer traditional products to modern markets. They translate cultural assets into forms markets can understand while maintaining essential meanings. Masungi translates forest spirituality into conservation science. Their local rangers provide visitors with experiential expertise on how Masungi and the community it involves are able to protect their land area. Kandama translates weaving patterns into fashion statements that showcase the culture of the indigenous group their weavers are a part of, exhibiting their innovation lies in translation, not preservation.

Time Horizons.

Long time horizons enable patience but also create tensions. Masungi's 20-year forest regeneration timeline conflicts with donor reporting cycles. MAD's community trust-building takes years while investors expect quick returns. The enterprises must manage multiple temporalities simultaneously, evidently another form of strategic hybridity.

Network Strategies.

Network strategies compensate for scale limitations as predicted and also create new capabilities unavailable to large organizations. MAD's community federation enables rapid response to local conditions. Varacco's farmer network shares innovations peer-to-peer faster than hierarchical extension services. The Dumagat-Remontado Community in Antipolo protects their ancestral lands from external threats, such as land grabbing and illegal activities with Masungi. The residents of Julongan village are beneficiaries of the implemented programs that enhance their livelihoods through traditional crafts, particularly weaving through Kandama. Networks are not just substitutes for scale - they are superior for certain purposes.

An emergent finding involves reverse innovation flows which makes mainstream organizations increasingly adopt practices from these margins. Conservation organizations study Masungi's community ranger model. Tourism companies examine MAD's co-creation approach. Agricultural programs explore Varacco's farmer-scientist concept. Fashion houses beyond Kandama investigate indigenous aesthetics. The margins generate innovations that centers eventually recognize.

Common Patterns

Despite variation across sectors and strategies, striking patterns emerge.

1. All four enterprises were triggered by a crisis in ecological destruction, poverty, exploitation, and/or cultural loss. Crisis creates openings for innovation that stability does not provide, rather, it suggests crisis plus social capital plus leadership vision enables transformation.
2. Youth leadership with elder consultation appears universal. All primary leaders are millennials (ages 32-38) who maintain deep respect for traditional authority. This is not replacement but bridging - young leaders translate between worlds while elders provide cultural grounding. The generational partnership model deserves wider attention.
3. Technology serves as an amplifier rather than replacement across cases. Whether IoT sensors, social media, or e-commerce platforms, technology extends cultural practices rather than substituting for them. This selective adoption shows sophisticated understanding of technology's proper role - tool rather than master.

4. Multiple revenue streams create resilience. No enterprise depends on single income sources. This diversification is not random but strategic - each stream reinforces others while spreading risk. When COVID destroyed tourism, MAD's product sales continued. When coffee prices fall, Varacco's training income sustains operations. Diversification enables weathering shocks that single-revenue models couldn't survive.

Emergent Finding: Embedded Autonomy

Beyond the two propositions, analysis reveals an unexpected pattern deserving theoretical attention - **embedded autonomy**. Conventional thinking assumes community obligations constrain business flexibility; however, these cases show the opposite. Deeper community ties enable greater market flexibility than arms-length relationships would allow. Masungi's volunteer networks provide surge capacity no wage labor could match. When threats emerge, hundreds of community members mobilize for protection activities. MAD operates through trust-based logistics impossible with contractual relationships. Communities prepare experiences knowing payment will come because relationships transcend individual transactions. Varacco's farmers experiment with new techniques because embedded relationships reduce risk suggesting that failure will not mean abandonment.

This challenges fundamental assumptions about property rights and organizational boundaries. These enterprises maintain deliberately porous boundaries. Non-members participate in activities. Benefits flow to non-shareholders. Decisions involve broader communities than formal governance requires. Rather than confusion, this creates gradient membership with varying participation levels - another innovation from margins.

The mechanism seems to be risk pooling through social relationships. Market transactions require immediate reciprocity and clear boundaries to manage risk. Social relationships enable delayed reciprocity and flexible boundaries because risk spreads across networks. This social risk pooling enables experimentation and adaptation that market relationships would punish.

DISCUSSION

Theoretical Implications

These findings extend entrepreneurship theory in several directions. First, they challenge the fundamental assumption that entrepreneurship requires individual actors pursuing profit maximization. The community as legitimate entrepreneurial actors opens new theoretical space. But this is not simply collective versus individual entrepreneurship. These cases show complex interactions between individual leaders and community structures that existing theory does not capture.

The findings relative to strategic hybridity in this context establishes the idea of hybrid enterprises beyond the current definition as established by Morales et al.'s (2020) where it is mainly an active component, however in these four cases, it appears to be a stable combination of both charitable and economic parts of the business model. Such continuous performance of hybridity proven in the four cases opens up developments towards code-switching capabilities, selective revelation of organizational features, and performance of development narratives.

As for the innovations theory, marginal advantages are essential to be accounted for as typical innovations revolve around research, patent counts, and scientific personnel. Peredo and Chrisman (2006) has observed that CBEs are established through collective efforts towards collective action, meaning the existence of these CBEs are due to constraints observed in a community. However, the four cases established a different path, mainly on innovation to emerge from the absence of resources and availability of cultural assets, generating margins mainly because mainstream innovations are inaccessible. Through the four mechanisms identified under the proposed theory, constraints can serve as potential drivers, rather than barriers for innovation.

The emergence of embedded autonomy is also noteworthy given its challenge towards transaction cost economics and property rights theory which indicate that the cases were able to show porous boundaries and embedded relationships with the community, resulting in a more flexible model unlikely to be imitated by conventional firms. This theory must be able to explain when embeddedness enables rather than constraints.

Implications for Business as a Force for Good

These cases offer profound challenges to mainstream business as a force for good discourse. Current models like social enterprises, B-corporations, shared values, all assume Western organizational forms with added social goals. The community-embedded enterprises studied here operate from entirely different premises yet achieve superior outcomes across multiple dimensions.

The implication is not that all businesses should become community enterprises, rather, these cases reveal the limitations of universal best practices. Organizational forms that work in London or San Francisco may fail in indigenous communities and vice versa. Business as a force for good requires recognizing and supporting diverse organizational forms, not imposing standardized models globally.

The findings suggest humility in "helping" communities. All four enterprises succeeded by building on existing assets rather than importing solutions. Communities already possess sophisticated organizational capabilities, deep cultural knowledge, and social capital, therefore needing recognition and support, not transformation. Development actors should ask what communities can teach rather than assuming what they need to learn.

These cases also demonstrate that multiple value creation is not just possible but necessary for sustainability. The enterprises do not balance social and economic goals through trade-offs. Instead, conservation creates tourism value, fair prices ensure quality supply, cultural preservation enables premium pricing, and community development builds customer loyalty. In certain contexts, doing good is good business but only when good is defined by communities themselves.

Practical Implications

1. For development policy, these findings suggest fundamental reorientation from intervention to support. Rather than designing programs for communities, agencies should identify existing innovations and provide resources for scaling. This requires listening rather than prescribing, facilitating rather than directing, and patience rather than quick results.
2. Funding approaches need rethinking since current grant cycles, typically one to three years with rigid reporting requirements, conflict with community rhythms and long-term thinking. Patient capital that respects indigenous temporalities could enable innovations that short-term funding kills. Metrics should capture multiple value forms rather than reducing impact to single numbers.
3. Partnership models require true co-creation rather than extraction disguised as collaboration. Too many partnerships involve powerful organizations setting agendas while communities provide legitimacy and local knowledge. These cases show communities as capable partners who should co-design programs from inception. Power sharing must be real, not rhetorical.
4. For communities considering enterprise creation, these cases offer inspiration and caution. Success is possible but requires navigating complex tensions between tradition and market demands. Strategic hybridity provides a path but demands sophisticated leadership and continuous effort. Communities should assess their social capital, leadership capacity, and market opportunities before embarking on enterprise creation.

Ethical Considerations

These successes raise ethical questions deserving attention. When communities engage global markets, power dynamics remain unequal despite strategic navigation. International awards provide protection but create dependencies. Grant funding enables growth but shapes activities toward donor priorities. Even successful resistance operates within dominated fields.

Another consideration is the reality of cultural commodification risks. When traditional weaves enter fashion markets or indigenous knowledge becomes a tourist experience, meanings can be lost and despite these enterprises managing such risks through community control and careful translation, tensions persist. How much adaptation serves strategic purposes versus erosion of cultural core? This is a question that must also be properly accounted for.

Representation raises complex questions as well. Who speaks for communities? These enterprises are led by educated youth who bridge worlds but do they represent all community members equally? Elite capture remains possible even in collectively-oriented enterprises therefore internal power dynamics deserve as much attention as external negotiations.

Sustainability beyond donor cycles challenges all four enterprises. Current success depends partly on grant funding and international recognition but what happens when attention shifts to newer causes? Considering the state of these four cases, building genuine self-sustaining models remains a work in progress and this is a recognized challenge, yet the solutions remain unclear.

CONCLUSION

“Napag-iwanan na tayo” — we have been left behind. Ariestelo Asilo’s lament opens this exploration of how marginalized communities transform exclusion into innovation. Through four remarkable Philippine enterprises, we see communities crafting organizational forms that generate economic prosperity, social cohesion, environmental restoration, and cultural vitality simultaneously. These are not anomalies needing special theory or charity; they offer insights for reimagining business itself. When communities act as entrepreneurs, when tradition and modernity creatively hybridize, and when constraints drive innovation rather than limit it, new business possibilities emerge beyond the imagination of mainstream thinking.

Enterprises like Masungi, MAD Travel, Varacco, and Kandama exemplify community-embedded enterprises that prioritize serving and empowering communities rather than maximizing profits alone. In the proposed framework, these organizations reveal how businesses can indeed be a force for good, redefining value beyond economic returns.

Strategic hybridity helps navigate competing institutional demands, avoiding traps of rigid single logics. Innovation often arises from resource constraints, where marginalized positions inspire solutions inaccessible to resource-rich actors. Community embeddedness provides competitive advantages through trust networks, cultural authenticity, and patient capital. “Business as a force for good” requires recognizing diverse organizational forms instead of imposing universal models.

Yet, important limitations exist. Focusing on success stories risks overlooking failures, struggles, and internal dynamics invisible in document-based research but critical for full understanding. Many enterprises remain reliant on external recognition and funding, raising questions about long-term sustainability. The Philippines’ unique colonial history, governance, and culture may also limit how transferable these insights are elsewhere.

Future research should explore failures alongside successes. Why do some community enterprises collapse or drift from their social missions? How do internal conflicts play out? Urban and displaced communities lacking territorial bases deserve study. Digital transformation’s impact on community control is increasingly urgent as connectivity grows. Longitudinal studies should track whether current successes endure over decades.

Despite such challenges, these cases illuminate pathways for any business to prioritize community well-being while remaining viable. They reveal innovations arising from the margins, organizational forms that blend tradition and change, and proof that communities written off as “left behind” might actually lead the way toward more equitable, sustainable futures.

The call is not for romanticizing marginalized communities or rejecting business entirely. Rather, these cases invite epistemic humility: an acknowledgment that dominant models offer particular answers, not universal truths. Other answers are emerging from communities confronting constraints with creativity and transforming disadvantages into unexpected advantages.

Perhaps business as a force for good requires less force and more recognition of the good already unfolding in unexpected places. Margins generate innovations the center eventually needs. Communities create solutions development experts never imagined, blending tradition and modernity in ways theory hasn’t predicted. Listening to these voices might teach us not only how to help communities but how to reorganize economic life for human flourishing.

The journey from “left behind” to leading innovation isn’t complete. Challenges remain. Yet these enterprises have shown what once seemed impossible: creating value where others saw only deficits and finding strength in perceived weakness. They offer hope—not naïve optimism, but grounded evidence—that different worlds remain possible, emerging from margins too often ignored.

REFERENCES

- Bhabha, H. (1984). Of Mimicry and Man: The Ambivalence of Colonial Discourse. *October*, 28, 125. <https://doi.org/10.2307/778467>
- Bhabha, H. K. (2012). *The location of culture*. In Routledge eBooks. <https://doi.org/10.4324/9780203820551>
- Burkey, S. (1992). *People first: A Guide to Self-Reliant, Participatory Rural Development*. Zed Books.
- Coleman, J. S. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, 94, S95–S120. <https://doi.org/10.1086/228943>
- Cornwall, J. R. (1998). The entrepreneur as a building block for community. *Journal of Developmental Entrepreneurship*, 3(2), 141-148.
- Crewe, E., & Harrison, E. (1998). *Whose development?: An Ethnography of Aid*. Zed Books.
- Dana, L. P. (1988). More small business is not the answer for Peru. *Journal of Small Business Management*, 26(3), 68. <https://www.questia.com/library/journal/1G1-6836982/more-small-business-is-not-the-answer-for-peru>
- Davis, S. H. (1993b). *Indigenous views of land and the environment*. Washington, D.C. : The World Bank.
- Dees, J. G., & Elias, J. (1998). The Challenges of Combining Social and Commercial Enterprise - University-Business Partnerships: An Assessment. Norman E. Bowie Lanham, MD: Rowman & Littlefield Publishers, Inc., 1994. *Business Ethics Quarterly*, 8(1), 165–178. <https://doi.org/10.2307/3857527>
- Freeman, R. E., Phillips, R., & Sisodia, R. (2018b). Tensions in stakeholder theory. *Business & Society*, 59(2), 213–231. <https://doi.org/10.1177/0007650318773750>
- Granovetter, M. (1985). Economic action and social Structure: The problem of embeddedness. *American Journal of Sociology*, 91(3), 481–510. <https://doi.org/10.1086/228311>
- Johnson, S. (2000). Literature review on social entrepreneurship. Canadian Centre for Social Entrepreneurship, 16, 23.
- Maguirre, M. V., Portales, L., & Bellido, I. V. (2017). Indigenous social enterprises as drivers of sustainable development: insights from Mexico and Peru. *Critical Sociology*, 44(2), 323–340. <https://doi.org/10.1177/0896920516688757>
- Morales, A., Calvo, S., Martínez, J. M. G., & Martín, J. M. M. (2020). Hybrid forms of business: Understanding the development of indigenous social entrepreneurship practices. *Journal of Business Research*, 124, 212–222. <https://doi.org/10.1016/j.jbusres.2020.11.060>
- Peredo, A. M., & Chrisman, J. J. (2006). Toward a theory of Community-Based enterprise. *Academy of Management Review*, 31(2), 309–328. <https://doi.org/10.5465/amr.2006.20208683>
- Peterson, R. (1988). Understanding and encouraging entrepreneurship internationally. *Journal of Small Business Management*, 26(2), 1. <https://www.questia.com/library/journal/1G1-6643472/understanding-and-encouraging-entrepreneurship-internationally>
- Porter, M. E., & Kramer, M. R. (2018). *Creating shared value*. In Springer eBooks (pp. 323–346). https://doi.org/10.1007/978-94-024-1144-7_16
- Putnam, R. D. (1973). *The beliefs of politicians: ideology, conflict, and democracy in Britain and Italy*.
- Spivak, G. C. (1988). *Can the subaltern speak?* In C. Nelson & L. Grossberg (Eds.), *Marxism and the interpretation of culture* (pp. 271-313). University of Illinois Press.
- United Nations (2015). *Transforming Our world: The 2030 Agenda for Sustainable Development*. https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf?_gl=1*1vbxsfh*_ga*MTg1NDgzMDMzNS4xNzE5OTI4NTIz*_ga_TK9BQL5X7Z*c_zE3NDg1MTM0NzYkbzEkZzEkdDE3NDg1MTYxMjEkaJYwJGwwJGgw

Yin, R. K. (2017). *Case Study Research and Applications: Design and methods*.
<http://cds.cern.ch/record/2634179>