

SOCIAL ENTERPRISES: THE NEXT BIG THING

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Business does not only have to be about profit.

It is a radical idea, but fast gaining popularity especially among the millennial generation who have a deep desire to make the world a better place. More and more social enterprises are being set up. People are less and less enamoured with corporations whose focus on maximising profits put us all at risk in the recent global financial crisis.

In Singapore, a supporting ecosystem for social enterprises is pretty much in place, with government grants, preferential rates from banks, incubators and mentoring programmes.

DEFINING A SOCIAL ENTERPRISE

Amidst this buzz, however, many are still unclear about what this new breed of enterprises really is.

The Pacific Community Ventures has a useful working definition of a social enterprise in terms of three attributes:

- What: A social enterprise purposefully delivers a product or service with social or environmental benefits to its customers;
- How: Operation of a social enterprise has a positive social or environmental impact; by hiring or sourcing from a disadvantaged community for example;
- Why: A social enterprise earns profits for the primary purpose of supporting itself or others delivering social or environmental impact, rather than maximising profits for its shareholders.

Social enterprises may take the form of a co-operative, private or public company, limited partnership or a charitable organisation.

Singapore's first co-operative, the Singapore Government Servants' Co-operative Thrift and Loan Society, was established in 1925, and over 40 thrift and loan societies were formed over the next 15 years to cater to the needs of civil servants, teachers, custom officers and even those working in the private sector.

The Singapore labour movement has been key in the setting up social enterprises at scale. There are now at least ten of them, the largest being NTUC Income which was set up in 1970 to make insurance affordable and accessible to workers, and NTUC Fairprice, Singapore's largest retailer that was established in 1973 to moderate the cost of living.

Many social enterprises are set up by charities either as means of income or to use their beneficiaries. For example, RSVP, the

Organisation of Senior Volunteers started a social enterprise called RSVP ProGuide to allow its members who are senior executives and professionals to provide consultancy services to client organisations. The surplus from ProGuide's consultancy work is used to fund charitable causes.

Other social enterprises can be set up by business people who feel that they want to do good. One example is Bettr Barista which was founded by, a serial entrepreneur. Bettr Barista conducts vocational training for marginalised women and youth at risk for careers in the specialty coffee industry.

THE SOCIAL ENTERPRISE LANDSCAPE

At the start of 2014, there are more than 200 organisations which identified themselves as social enterprises.

According to the June 2014 report from the Asia Centre for Social Entrepreneurship & Philanthropy, two out of five social enterprises are into social provision. Several of the labour movement social enterprises such as NTUC Fairprice fall into this category.

The rest are in a variety of sectors such as:

- Business Support (15 per cent). One such enterprise is Adrenalin, an event management agency employing disadvantaged youths, physically challenged and the hearing impaired.
- Food and Beverage (10 per cent). For example, Eighteen Chefs runs four cafes and provides a non-judgemental environment to train and rebuild lives of ex-offenders.
- Education (10 per cent). For one, PlayMoolah provides financial education to school children through workshops and events.
- Trade and Others, eg. Inkfusion which organises art workshops and therapy sessions for autistic children.

An interesting recent development is the emergence of social enterprises that deliver innovative products enabled by new technologies. One example is ECOSOFTT which offers solutions aimed at addressing issues related to water scarcity and sanitation.

Today, the range of products and services of social enterprises are as wide as for-profit commercial enterprises. They cover a range of industries – from Food and Beverage, to High Technology – are at different stages of maturity and size; and deliver social impact stretching from employing a few beneficiaries to society-wide benefits.

Like for-profit commercial enterprises, social enterprises must strive to be self-sustaining. Unlike other social organisations, social enterprises should reduce, if not remove, the need to rely on donations. Like for-profit commercial startups and enterprises seeking funding support, social enterprises should pitch themselves as the next big thing run by the best team, passionate about making a positive difference in the world.

Done right, social enterprises can be confident of accessing larger pools of private capital. According to a 2010 estimate by the Social Investment Forum, there was already a growing socially responsible investment pool of US\$3.7 trillion to draw from.

Now is indeed the perfect time for a new capitalism to emerge; a natural evolution as we see a spike in the growth among companies with a triple bottom line – people, planet and profit. ■