

# ENGAGING WITH SOCIAL ENTERPRISES

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At the recent SID Directors' Conference – in line with the conference theme, “Towards A New Capitalism” – many directors were introduced, for the first time, to social enterprises. More than 95 per cent of the attendees indicated that they had a better appreciation of what was dubbed “harbingers of the new economy”. Indeed, many asked how they could learn more about, and engage more with, this unusual hybrid of capitalism and social consciousness.

## SOCIAL ENTERPRISE 101

In its broadest form, a social enterprise is a business with a distinct social mission. The business part, itself, is relatively clear: like any other commercial company, a social enterprise makes money by providing goods and services. The social mission, however, can be achieved through three broad ways.

First, a social enterprise can create external social impact. Often this means targeting the poor and marginalised, by providing essential goods and services at a price point that is affordable and reasonable rather than one that is marked up by multiples of cost. Milaap, for example, is a technology start-up which leverages the Internet to empower well-off individuals to give micro-loans to the working poor, people who might, otherwise, not be able to access credit.

Secondly, a social enterprise can create social impact internally through how it operates. Very commonly, this is when beneficiaries – the disadvantaged, the disabled, ex-offenders, the mentally ill, and others – are hired as employees. The jobs give these beneficiaries employment as well as meaning. At Dialogue in the Dark, the visually handicapped employees take sighted people on a tour of a completely dark environment that simulates the world of the blind. The experience turns the tables on the normal sighted person to create a new perspective.

Thirdly, social impact can be created by how the enterprise redistributes its profits. To purists, the litmus test of a true social enterprise is whether profits are substantially redistributed to the community. An example is Crossings Café which, in addition to hiring beneficiaries, commits all its profits to charity.

## WORKING WITH SOCIAL ENTERPRISES

At the 2014 SID Directors' Conference, participants interacted with 28 social enterprises in a marketplace setting, and heard and voted on pitches by five of them. The feedback was positive. Sixty-six per cent of participants wanted to start working with social enterprises, while 27 per cent were already doing so.

There are two levels at which directors can better engage with social enterprises. At the individual level, social enterprises have a great need of volunteers with business acumen on their boards and in their operations. Some social enterprises are set up by people with a good heart but not necessarily a good head for business.

In addition, individuals may invest in social enterprises. This is an emerging field known as impact investing. Investment banks and other financial institutions have set up funds that pool such investing opportunities.

For those interested in engaging with one of the 200 plus social enterprises in Singapore, they can do so at one of the many events organised to showcase social enterprises or connect with bodies such as the Social Enterprise Association, the umbrella body promoting social entrepreneurship and social enterprise in Singapore.

At the corporate level, there are just as many ways to become involved. The most obvious way is to buy – subject to the requisite quality and price – the goods and services provided by a social enterprise.

Companies can also include a social enterprise as part of its corporate social responsibility programme. This could be done by having its employees volunteer with the social enterprise, or by providing grants or other financial aid.

More directly, the company could invest in the social enterprise. Some companies have corporate venture capital which focuses on

a combination of financial and strategic returns. In an emerging trend known as corporate impact venturing, investments are made in social enterprises with social impact being considered one of the strategic returns.

DBS Bank is a good example of a company that is extensively engaged with social enterprises. Its approach includes promoting the development of the social enterprise sector; supporting specific social enterprises through funding, mentorship and volunteerism; and integrating social enterprise into its culture and operations.

As you can see, involvement with social enterprises is one way in which companies and directors can be a force for good in the emerging world of the new capitalism. ■