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## Social entrepreneurship in Singapore

Wee-Liang Tan and Teck-Meng Tan

Social entrepreneurship is a new phenomenon in Singapore. Unlike the US, where there are entrepreneurship programs offered at various ACCSB accredited universities such programs do not as yet exist in Asia. The motivations for social entrepreneurship in Asia differ from those in developed countries. While as social entrepreneurship often stem from the social agenda of successful entrepreneurs who are motivated to repay society, the recent trend of social entrepreneurship in Asia may stem from initiatives directed at political liberalisation and the development of civil society on the part of existing governments. The Singapore government in 1997 introduced a series of initiatives to promote active citizenry and involvement in community development, thereby encouraging greater opportunity for social entrepreneurship.

This exploratory study examines the development of social entrepreneurship in Singapore with the view of identifying entrepreneurs who have either couple profit with nonprofit goals or find wealth within nonprofit goals in the light of the policy initiatives to create civil society.

### Introduction

In the post-capitalist world, entrepreneurship offers a glimmer of hope to counter the accusations levelled at “soul-less” capitalism for only valuing all human activities in business terms. Entrepreneurship offers hope not only because it is the handmaiden of capitalism but also through social entrepreneurship. Social entrepreneurship has been coined to refer enterprises with social goals. Social entrepreneurship offers hope as it suggests that entrepreneurship needs not be solely focussed on the profit motive. Stories of social entrepreneurship can be found outside of the US where the reference was first used in the United Kingdom and other countries in the West.

This paper examines social entrepreneurship in the context of Singapore. It seeks to provide an explanation for this phenomenon from an institutional perspective for the enterprises that have been created may have stemmed from changes in the politico-economic factors because of the deliberate political sharing of responsibility for social needs. Some link these changes to political liberalization in Asia (Tan 2001) but that is not the concern of this paper. Thus changes politico-economic environment may have led to opportunities that couple social and economic goals.

### Relevant literature

Social entrepreneurship like entrepreneurship does not have a universally accepted definition. It has been used to identify enterprises that involve civic goals and involve not-for-profit objectives and often involve communities (updated in references Thompson, Alvy, Lees 2000). It is a new field to some but one whose definition has not been universally accepted. At one end of the continuum, it encourages any enterprise with social goals as the primary aims (Wallace 1999). Here the actors could be an individual entrepreneur, a community or a business organization. At the other end, it limits itself to individuals and is asking to philanthropy. At this end, it limits social entrepreneurship to community or civic activities on the part of entrepreneurs who have extended be-

yond their business and are sharing their wealth in civic activities. Neither does it have widespread adoption because there are few enterprises that incorporate or have social goals visibly articulated and operationalized. Even if it is clearly understood, there is a need to understand the conditions that are necessary for this phenomenon to take place as it goes contrary to the grain where accumulation of capital is the universal norm. Entrepreneurship as a field has examined startups. Shane and Venkataraman (2000) argue that entrepreneurship as a field of research should focus on how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited. From this perspective, the evaluation of opportunities and the motivation for initiating social ventures are of considerable interest.

Yet one need not seek a separate definition for entrepreneurship if one were to add a pre-requisite to existing definitions that what passes for entrepreneurship must add value for society, as Kao (1993) did. Kao defined entrepreneurship as the process of doing something new or different to create wealth and to add value to society. Social entrepreneurship would be subsumed under his definition.

Whatever definition is adopted, there are aspects of this phenomenon that are of interest. What motivates individuals to embark on these enterprises? How do they couple the social goals with the business ones? What circumstances or factors promote social entrepreneurship? These questions have not been explored in Singapore and are highly relevant in the light of the Singapore government's efforts involve citizen participation in community development.

## **Methodology**

The study employs the case study method as the developments in Singapore are recent and began in 1997. It also permits a better understanding of the motivations for embarking on social goals and the extent to which they may be explained by the government initiatives.

The study sought entrepreneurs whose enterprises were involved in social agenda. Four organisations were identified. In addition to the four businesses, the study also involved two CDCs which were the partners for two of the two businesses. Another reason for including them is to examine their role as institutions to encourage social entrepreneurship.

## **Research setting**

Singapore has had a mere three and a half decades of nationhood during which there has been one ruling political party that been responsible for much of the economic as well as community development as part of nation building with much having been directed from the centre. On the entrepreneurship front, there has been great dynamism with government leaders acting as innovators and government-linked enterprises in areas of endeavour that private sector enterprises traditionally would not tread. There has been less reliance on local private sector entrepreneurs in the period after independence (Huff 1994).

In the area of social concerns, there have been charities and foundations established by mutual help groups, religious groups, special interest groups and a number initiated by the government. Singapore's approach to social and community needs was to provide only for the needy who were unable to provide for themselves. Those who were fit and able should work. The government's role was hence, to ensure that there was work for the healthy. On the social services front, the government funded projects and encouraged services to be delivered by a voluntary welfare organization. This generally led to many services being provided where there were government inducements. However, there were other organizations that championed causes not funded by the government; for example, the environment championed by The Nature Society (Singapore).

In 1997, the government embarked on a series of policy initiatives that called for the greater involvement of citizenry in community life. The declared intention was to better cater for the needs of the community. To this end, it was conceived that there should be decentralized responsibility for community needs and localised efforts to meet the social concerns of each community. Community Development Councils (CDC) were established in 1997, initiate, plan and manage programmes to promote community bonding and social cohesion. The difference between this initiative and the pre-existing state is the approach and the intent. In each constituency prior to the formation of the CDCs, there were community centres established by the government entrusted with providing community facilities and activities. They were named by personal responsible to organize activities and had advisory councils. While these centres had the involvement of citizenry their roles were limited to residents councils or as participants in activities. Private sector involvement was as donors and sponsors of activities or development needs. The difference in intent is the involvement in decision-making and partnership.

Over time, the message of greater involvement of the citizens and private sector was succeeded by and a movement to encourage volunteerism that led to the opening of the National Volunteer Centre in 2000. The funding formulae for community projects that spanned all ages and social strata are gradually being adjusted to ensure competitive bids for project funding (Thomas 2002). Another aspect of the environment change is the promulgation of the Singapore 21 vision to chart the path of Singapore for the year 2000 and beyond in 1997. The vision was crafted by five sub-committees comprising eighty-three members who consulted some 6000 Singaporeans over the period of one year. The five tenets of the Singapore 21 vision are:

1. Every Singaporean matters
2. Opportunities for all
3. Strong families
4. The Singaporean heartbeat
5. Active citizens.

The fifth element of the Singapore 21 Report speaks of the intention to involve the citizens and private sector in active decision-making over their local needs. This is to be contrasted with the passive role in the past when initiatives were the purview of an appointed leadership.

## Findings

There were a total of six organizations that participated in the study: two CDCs and four organizations. The two CDCs were involved as they are the partners of two of the enterprises. In this section we consider the accounts of the four enterprises that infused social goals in their business activities.

Transnational Recycling Industries Pt. Ltd. is recycling company (a modern day equivalent of the rag and bone man) specializing in old newspapers, corrugated/ computer/mixed wastepaper, and all paper materials. It embarked on an extension of its business – to gather recyclable materials from households for sale by a recycling company, with part of the profits used for community projects. By encouraging the social perspective, the company hoped to increase the quantity of recyclable materials collected.

It approached the Tanjong Pagar Community Development Council (Tanjong Pagar CDC) to collaborate on a recycling programme in the community. It would provide recycling bags that are distributed by the TPCDC to the residents. Residents had to place newspapers, clothes, aluminium or tin cans and old electrical appliances for recycling, in a bag for collection at their doorstep. Transnational would arrange for the collection on designated days, the sorting, recycling and sale of the materials, contribute a portion of the proceeds from the sale to the Society for the Physically Disabled. As the cost of the materials is zero, and only operational costs are incurred in collecting the materials. Transnational benefits greatly if the quantity of collected material increases. On the part of the Council, it offered a community development project that enabled it to link the residents to meeting the needs of a social group.

The initial response was though poor improved after efforts in educating residents through talks and posters. A portion of the money collected from the recycled items funded community activities, such as block parties and contributed to the increase in resident participation which was 40 per cent of the 150000 households in 2001 (Goh and McCoy 2001). In its two years of involvement with the Tanjong Pagar CDC ending 2001, the company had raised over \$200000 for the Society for the Physically Disabled. Transnational is also carrying out recycling projects in other parts of Singapore.

Banyan Tree Gallery (BTG) is an extension of the social consciousness in the Banyan Tree Holiday Resorts business. Banyan Tree Holiday Resorts (BTHR) developed market luxury boutique resorts, steeped in Asian traditions that are environmentally sensitive. Its Phuket resort was a discussed 400-hectare tin-mining site described in a 1977 United Nations report as being “too severely ravaged” to sustain development. The Banyan Tree team preserved the remaining trees, planted 800 new trees, and transformed the site to include six lagoons stocked with fish, tiger prawns, shrimp and other animals. BTG was founded in 1994 when triangular cushions made by Thai women villagers were incorporated into Banyan Tree Phuket. BTG was set up to promote and market such handicrafts. BTG pays quoted prices upfront, ensuring that the producers of such handicrafts would have the necessary capital to manufacture the goods going against current business practice, and is one way BTG ‘returns’ to society at large.

BTG emphasises quality in the products purchased, and retails these products at their resorts and retail outlets targeted at premium markets. The high markups generated on such sales allow BTG to continue its community aid efforts. According to reports, some women producers earned enough to set up their own factories to increase production, thus creating wealth among the villagers and improving the lives of the villages. Another benefit is BTG minimizes any problems from unhappiness within the local population due to their perception of BTR as 'big business'.

Northern Leaf Communications (NLC) started in mid-1995 as a firm dealing in consumer goods. Soon after, it became a public relations firm specializing in internet design, corporate design, marketing communications and launching of events. Disadvantaged by its small size and needing to penetrate the public relations market, NLC decided to use the charity angle to approach companies and after their first successful work with the Children's Cancer Foundation in 1995. The opportunity to work with the Children's Cancer Foundation came about fortuitously when the business owner was approached by the Foundation to raise funds and generate awareness of the charity's work. With the credits that they gained from managing the project, they were able to pitch for new projects for non-profit organizations drawing upon their knowledge and skills gain through personally serving as Christian volunteers.

At present, their main clients are mainly non-profit organizations with about 20 of them under their wings. Almost all their clients (90 per cent) do not receive any government funding. Hence, they do not have financial resources to organize fund raising projects. NLC offers its clients an attractive proposition coupling their business objective with their clients' social goals. NLC offers its expertise at less than what it would probably have cost to do internally but with the potential of a higher amount raised. NLC organizes everything from the production to the corporate writing at no cost to the charities but being paid from between 20 to 30 per cent of the funds raised. NLC would pay the difference if the operational cost exceeds 30% of the amount raised. The 30% limit is based on a guideline provided by the National Council of Social Services in its *Corporate Community Involvement Resource Guide*. The National Council of Social Services is the national coordinating organization for voluntary welfare organizations that is operated under the auspices of the Ministry of Community Development and Sports. Where the fundraising project is a joint effort with a foreign charity group under government regulations, only 20% of the funds can be disbursed overseas. The remaining 80% will have to stay in Singapore. NLC involves the non-profit organization's staff and volunteers. Using its contacts, NLC approaches companies to invest their liquid funds in their charity projects in exchange for free write-ups and publicity from the media.

The Necessary Stage (TNS) is the fourth organization that was included in the study. It began as a non-profit theatre company that is currently one of the four theatre groups funded partially by the government. It receives some funding under Singapore's framework for development and support for the arts at the same time it has developed its unique dramatic works that address social issues in Singapore. This theatre company has been in existence for a number of years and had among its repertoire original works. One of its audiences is school children, on themes that were educational and

community issue-related. These themes included social issues cast in a light-hearted and yet thought-provoking manner. The interesting development is the partnership between the theatre company and the com and is located in the premises of the Marine Parade Community Centre (MPCC) and collaborates with the Marine Parade Community Development Council (MPCDC) on community projects with the CDC sponsoring some of its productions.

The collaboration between the TNS and the MPCC and the MPCDC came about through the National Arts Council location process. The interview reveals an instance where the theatre group is able to achieve its commercial artistic goals through community development activities. Part of this unique symbiotic relationship arose from the involvement of the TNS executive director in various networks. This is also possible because TNS had over the years developed one theme in its productions that focused on social issues and education in schools. Its application to locate at the MPCC coincided with the growth and development of community projects by both the MPCC and the MPCDC.

## Discussion

### *Combining Social with Business Goals*

In the four business organizations included in the study, NCC has its business model based upon the social agenda as a service provider to non-profit organizations. The three others had coupled the social enterprise element to their existing businesses. Transnational was already in the recycling business and found a way to extend its business, which provided them with the recyclable material free upfront and only in a sense “paying” for the materials subsequently in the contribution to the SPD BTG is an extension of the resort business. It in a way mirrors what Ben & Jerry’s Ice Cream has as its social goal to seek the ingredients in a manner that is environmentally acceptable and aid the producers. It is a business enterprise seeking to carry out its operations in an ethical manner.

The accounts reveal the possible ways in which enterprises can add value to society. It requires the entrepreneur to seek the opportunity, evaluate and see how best to develop a symbiotic relationship between the social and business goals. The cases demonstrate that social entrepreneurs in this aspect behave in the same manner as their business counterparts: they seek out activities that enhance their business agenda as well as the social one. The four business cases suggest a typology of social entrepreneurship below:

- Enterprises solely with purely social purposes – these are charities formed by individuals as new enterprises that are often called social purpose enterprises.
- Enterprises started by charities to be self-financing – the charities may have embarked on a service arm that is directed at those who can afford to pay a minimum sum for their services.
- Enterprises that carry out their businesses in a social directed manner – the BTG case is an example. The enterprises are commercial businesses that seek to fulfill their

commercial agenda in a socially enriching manner through perhaps the sourcing of raw materials from third world countries.

- Enterprises that augment their existing businesses by leveraging on the social agenda that contributes to their bottom lines – the examples here are TNS and Transnational.
- Enterprises whose businesses are centred on the social goals such professional service providers – the case in point is NLC. Other examples could include legal or accounting practices that serve non-profits as their main clients.

Perhaps the difficulty in defining social entrepreneurship lies in the spectrum of activities that may qualify. For all intents and purposes, the enterprises could have varying degrees of combination of social with business goals. At one end are enterprises driven purely by social purposes that could be established by charities or by new interest groups that give rise to new non-profit organisations. The varieties of organisation between the two end point to the degree to which wealth as measured by profit plays in relation to the social goals. When social benefits are in line with corporate objectives, and when concern for social issues can help the bottom line, social enterprises may result when the relationship between the social and business goals are symbiotic and mutually enhancing. Companies would be willing to consider social issues as long as the costs do not dramatically outweigh the benefits.

### *Institutional factors*

Entrepreneurship does not occur in a vacuum. The environment plays a part in entrepreneurship as the institutional theory and resource dependence theory recognize. Institutional theory recognizes the importance of polity and economy as key environmental factors (e.g. Hall 1986), and acknowledges the entrepreneurs' need for sufficient resources to pursue perceived opportunities (DiMaggio 1988). Resource dependence theory (Aldrich, Pfeffer 1976) that features of the environment are critical to launch and survival and that environmental resources must exist for new ventures to arise. What are the factors that would lead to greater social entrepreneurship?

Economic infrastructure, government policies, and availability of financial support (Huisman 1985, Shane, Kolvereid, Westhead 1991), accessibility of suppliers, customers, and markets, labor market characteristics, affordable land, and social networks (Peterson, Roquebert 1993) and support from political, social and business leaders (Krueger, Brazeal 1994) have been identified as key factors for entrepreneurship.

In our study, it would appear that government, social networks and general support from community leaders would play a part in fostering social entrepreneurship in Singapore. The changes effected by the Singapore government have made available resources and factors conducive to the formation of social enterprises. While the changes have been recent, the cases indicate that there may more such social enterprises. The creation of agencies to promote community development with the funding sources, has contributed to the situation, particularly in the area of social capital. Social capital in the form of the networks that the entrepreneurs participate in is a clear factor. The formation of the community development institutions (the CDCs), and access to funding are elements of environmental munificence. These institutions with their mis-

sions spawned networks of charities, interest groups, volunteers and business enterprises. There has also been an active attempt to create social capital in the form of supporting networks, agencies and norms. With the underlying message of the common good in developing the community, the social capital that is being developed is an enabling factor for entrepreneurs seeking to advance social causes or couple social goals with their existing business. The Singapore government has indirectly provided incentives for the creation of social enterprises. With the increased activity in community development a market for services in the nonprofit sector has developed that saw the provision of specialized services akin to outsourcing in for profit enterprise; nonprofit organizations need services that others could best provide, enabling enterprises such as NLC to build a practice around social concerns. The call for active citizenship and activities in local communities enabled TNS to further its artistic goals while at the same time meeting the needs of community leaders for works along the themes they require.

### *The role of government*

It must be noted that unlike the examples of social entrepreneurship in the West where local communities established social enterprises to address local needs neglected by state or city councils, the catalyst for social entrepreneurship in Singapore could to some extent be attributed to the government. This hearkens to the theme of political liberalisation in Asia. The stated intention behind the government changes in Singapore has been a decision to have citizens play a greater role in addressing social and community concerns rather than to have these concerns merely addressed through agencies.

### **Conclusion**

In this exploratory study, we have found that social entrepreneurs, like business entrepreneurs create community-based enterprises when there are opportunities to create wealth and add value to society. Not unlike business entrepreneurs, they are individuals who saw opportunities in the environment and exploited them. Environmental factors such as politico-economic ones promoting community development can lead to business opportunities and subsequent social entrepreneurship. This preliminary study employing qualitative methods show that different conditions arose as a result of the government's policy changes. The efforts to involve active citizenship and the willingness to de-centralize the services to be offered to local communities created opportunities. The actors (whether individuals or organizations) that identified the opportunities were able to see how they could, while achieving their business goals, also benefit society. There are limitations to the study as it has only involved four organizations and does not provide a basis for generalization. Further research is necessary into the motivations and the opportunity identification processes in social entrepreneurship.



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