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Finding a Common Language for Social Enterprises in Singapore

Social Entrepreneurship in Asia: Working Paper No. 3

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Abstract

Social enterprises are present-day business solutions to unmet social needs. Their business models and organisational forms are contextually determined within the prevailing socio-economic, legal and political regimes of a community, country or region. Unless they innovate to meet evolving needs, social enterprises lose their relevance over time. As such, it is necessary for stakeholders in Singapore to make sense of what is or is not a social enterprise and to conduct periodic reviews instead of imitating models from other countries or regions.

Over a series of discussions between June and August 2014, stakeholders in the Singapore social sector – social enterprises, intermediaries, foundations, grant-makers, investors, corporates, policy makers and journalists – agreed to move away from definitions, labels and legal forms to develop a common language on the defining characteristics of social enterprises to facilitate moving the sector onto the next stage of development.

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ACSEP

The Asia Centre for Social Entrepreneurship and Philanthropy (ACSEP) is an academic research centre at the National University of Singapore Business School which boasts an international multi-disciplinary research team. ACSEP came into formal existence in April 2011 with a geographic focus spanning 34 nations and special administrative regions across Asia.

The Centre aims to advance understanding of the impactful practice of social entrepreneurship and philanthropy in Asia through research and education. Its working papers are authored by academia and in-house researchers, providing thought leadership and offering insights into key issues and concerns confronting socially driven organisations.

For full details of ACSEP's work, see bschool.nus.edu.sg/acsep.

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Glossary of Terms

Acronym Name

ACSEP	Asia Centre for Social Entrepreneurship & Philanthropy
CCC	Community Consultative Circle
CSR	Corporate Social Responsibility
NTUC	National Trades Union Congress
SATA	Singapore Anti-Tuberculosis Association

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Introduction

Social enterprises are present-day business solutions to unmet social needs. The business model and organisational form taken by a social enterprise are contextually determined within the socio-economic, legal and political regime of a community, country or region. What is a social enterprise to one community, country or region may not be perceived as such by another. For example, a co-operative may be a social business in the European Union, but may not be deemed a social enterprise in the United States. Therefore, it is helpful to appreciate that one need not be locked into a specific definition, label or organisational form of social enterprise as promulgated by another community, country or region.

In Singapore, the first known social enterprises emerged at a time when there were no banks or other financial institutions offering workers financial relief. These thrift and loan co-operatives were safe and legitimate alternatives to moneylenders and loan sharks for workers in search of financial assistance and mutual aid. As the banking sector developed and more options became available, these co-operatives had to adapt. For them to stay true as social enterprises, they needed to offer services that continued to address the unmet social needs of their members, notwithstanding their accreditation under the Co-operative Societies Act.

Having said that, as other social needs emerged in Singapore, such as economic opportunities for the marginalised and disabled or conservation of the environment, so too did other forms of social enterprise. Therefore, there is a need to recognise that even within the same community, country or region, the definition, label or organisational form of a social enterprise may change over time in tandem with prevailing unmet social needs.

In ACSEP's Working Paper No. 1, we described the diverse landscape and eco-system of social enterprises that have developed in Singapore since the 1925 registration of the first co-operative, the Singapore Government Servants' Thrift and Loan Society. Today, there are between 200-300 organisations in Singapore that self-identify as social enterprises. The sector is thriving with a range of funding and support avenues; government agencies

see these organisations as complementary to charities in addressing the needs of the community and society. Yet there is still discussion over what exactly the 'social enterprise' label means. Is it merely a hygiene factor to facilitate the due diligence process in obtaining funding or is it a litmus test that clearly distinguishes one organisation from another?

Between June and August 2014, ACSEP presided over two consultation exercises to understand the collective Singaporean voice on the defining characteristics of social enterprise. The first, the Singapore Conversation on Social Enterprises, was an open online discussion platform where any member of the public, irrespective of his/her involvement in the space, could either post or respond to questions on the sector relating to the challenges faced and the opportunities for growth. The discussion group closed on 3 August 2014 with 123 members, 17 questions and 104 comments.

The second exercise, the Community Consultative Circle (CCC), was a day-long closed-door discussion with 24 individuals (see Appendix 1 for details on participant mix). Each of these individuals has some knowledge of the sector either in a personal capacity or through his/her work with key stakeholders, including social enterprises, intermediaries, foundations, grant-makers, investors, corporates, policy makers and journalists. They were invited to come together in their personal capacity to discuss, under the Chatham House Rule¹, what they thought the defining characteristics of social enterprises were, and what role these organisations might play in addressing future unmet social needs in Singapore. In conducting this discourse, our goal was to go beyond definitions, labels, models and approaches to understanding from first principles what a social enterprise is or is not, with the hope of establishing a common language among Singapore stakeholders.

¹When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed (Chatham House, The Royal Institute of International Affairs, 2014)

Defining Characteristics of Social Enterprises

What is a social enterprise? Is it merely “a transient phenomenon in context” as a CCC participant suggested? To achieve social impact, a social enterprise may have to compromise on commercial success. Therefore to be successful, does it have to be “a business that is constantly on the brink of failure”? Are Facebook and Google social enterprises? If so, what isn’t one? These are some of the issues that CCC participants debated in an iterative process before converging on five core characteristics outlined below:

- A contextually relevant social mission at (re)birth with a business model
- A social mission which flows through the products, services and operations, and where all social impact achieved is consistent with the mission
- An intention and roadmap to sustainable financial performance (may have multiple revenue streams)
- Based on business processes and thinking
- Continuous balancing of dynamic tensions across business and social objectives

The CCC was careful to note that not all social enterprises are involved in end-product delivery. Nor do they solve social problems on their own. Rather, they are one of many players operating and collaborating within a context or value-chain of solution-driven activities. As members of such an eco-system, social enterprises could offer products with direct or indirect social benefit. However, they all have to possess these five characteristics in common.

A contextually relevant social mission at (re)birth with a business model

This first characteristic says that a social enterprise is an organisation that has a social mission or purpose that it wants to address through business processes at the time of its inception or re-constitution. The mission could encompass a range of social or environmental issues but, more importantly, these

have to be germane to the circumstances at hand, be they domestic, demographic, historic or geographic. For example, an organisation that runs women-only hostels and taxi services may be considered a social enterprise in Afghanistan because it is a solution in the Afghan eco-system of social needs, but a similar organisation in Singapore may not be considered as such because the social context of the operations is different. However, this does not mean social enterprises are always ring-fenced by national boundaries. Indeed, they may also address cross-national issues such as climate change or sanitation in developing countries.

At the CCC, there was significant debate on what constitutes ‘social’. To cut through the maze, the group proposed moving away from moral or values-based judgments to something that is visible and recognisable by society as a whole. As one CCC participant noted, “not everything that gives us happiness is a social mission.” A proposal to define the boundaries of what is ‘social’ is to consider only those issues or needs that have fallen through the cracks of government or market activity. An alternative paradigm for what is ‘social’ is to consider the needs of those who are disproportionately challenged in meeting basic consumer needs. An example is the additional challenges faced by a hearing-impaired person in purchasing a loaf of bread versus the experience of a person with normal hearing ability. Participants voiced the need to be broadminded and inclusive, and to look beyond the big players in the space. They said charities and social enterprises exist for a reason and sometimes they address very niche problems. For instance, if a dating agency defines its social mission as helping singles get married and says it will always prioritise this objective over financial gain, then it should perhaps be considered a social enterprise, they argued.

Participants proposed that a genuine social mission is one that is defined at the founding of the organisation and hard-coded in its DNA through the by-laws, constitution, articles of incorporation or term sheets signed with the investor. When this is the case, there is less concern of mission drift or false marketing, i.e. an organisation using a social mission as a branding spin when its intentions are purely

financial. However, there was an appreciation that an organisation could outgrow its social mission or evolve over time as social norms and the landscape change and/or when its management changes. “A social enterprise needs to be dynamic and alter its mission, vision and values to continue to stay relevant” – this was a suggestion on the online platform. Hence, the choice of the term “re-birth” to acknowledge and articulate this characteristic.

An example of an organisation that has gone through a “re-birth” is **SATA CommHealth** which was established in 1947 as the Singapore Anti-Tuberculosis Association (SATA). At its inception, its primary mission was to detect, treat and eradicate tuberculosis, the number one killer disease in Singapore at the time. However, as tuberculosis was brought under control, SATA’s mission also evolved. Today, SATA CommHealth is a primary healthcare organisation with a mission to promote lifelong health and serve the community. It provides a range of health screening and general practitioner services at its medical centres and mobile clinics.

Then there is the organisation that is a social enterprise today but may not be perceived as such in the future when its beneficiaries are no longer underserved. A CCC participant cited the example of the **Singapore Chinese Girls’ School** – the first fee-paying girls’ school founded and run by Peranakan Chinese to provide bilingual education in English and Chinese to Peranakan Chinese girls. At the time of its establishment in 1899, education for females was dominated by foreign missionaries and catered mainly to English and Eurasian children. The school could have been considered a social enterprise at the time. However, in today’s context when local schooling for girls is no longer restricted, it cannot qualify as one.

Another example cited during the discussion is **Zhicheng Student Hostel** which provides inexpensive accommodation for foreign students. It is not a social enterprise even though it caters to a pre-identified clientele as there are several other commercially driven options offering a similar service at competitive prices.

Similarly, social enterprises that advocate the employment of the physically and mentally challenged cease to be regarded as such when the

issue goes away. “When everyone accepts that the handicapped are part of the social fabric, then all employers will employ them with special attention to their needs, and these organisations may no longer be considered social enterprises,” suggested a CCC participant. In the same vein, companies that produce or import assistive rehabilitation devices such as **Sorgen Pte Ltd** or **Lifeline Corporation Pte Ltd** may not naturally qualify as social enterprises on the basis of their products alone.

In sum, the first characteristic of a social enterprise is that the organisation is addressing through business processes a clearly articulated and institutionalised social mission that is contextually relevant to the community it supports.

A social mission which flows through the products, services and operations, and where all social impact achieved is consistent with the mission

The second characteristic speaks to the integration of the business process with the social mission. A social enterprise is an organisation whose social mission is evident not only through the products and services it offers, but also in the way it operates and the impact it achieves on the ground. Discussants agreed that the social impact achieved by a social enterprise must be visible. One CCC participant said, “social enterprises are such entities that you should know one when you see it.”

But how does an organisation pass the social or moral perception test of a diverse population or community with potentially varying value judgments? Some CCC participants pointed out that unlike **Eighteen Chefs** or **Bliss Restaurant** whose staff members are its beneficiaries, it is more difficult to perceive **NTUC FairPrice Co-Operative Ltd** as a social enterprise when you walk into its supermarket outlets. Another tell-tale sign is how the organisation rewards its management; social enterprises tend not to evaluate and reward its management solely on financial key performance indicators.

CCC participants acknowledged that it is difficult to define social impact and the help rendered to beneficiaries of social enterprises because these are

relative concepts. One approach is to look at how well the outputs and outcomes of activities undertaken align with the social mission. The CCC cited the example of taxi companies in Singapore. Could **GrabTaxi** and **Comfort Cab** be regarded as organisations that deliver a social impact since becoming a taxi driver is the employment of last resort for Singaporeans who are intrinsically disadvantaged? Is this a criterion for obtaining a taxi licence? If the market operates that way, perhaps any taxi company could be considered a social enterprise. However, CCC participants argued that it is hard to draw that distinction in Singapore where there are now graduates and manager-level professionals who choose to be taxi drivers when they could conceivably be employed in other jobs. However, if GrabTaxi catered specifically to the visually impaired and the elderly, providing them a relatively affordable transportation option, then it may be easier to ascertain the organisation's social impact, the participants said.

On the other hand, participants were of the opinion that **NTUC Foodfare Co-Operative Ltd** is a clearer example of a social enterprise because it (i) hires older workers, embracing the concept of 'people before profits', (ii) offers food which is healthier with less oil, salt and sugar; the calorie count of each food item is shown on the menu and receipt, (iii) works in partnership with the Singapore Corporation of Rehabilitative Enterprises (SCORE) to provide training and guidance for inmates to support their transition from incarceration to the community, (iv) sells cheaper but nutritious and value-for-money meals at \$1.99 to lower income families, and (v) helps workers to manage inflation by holding prices or keeping prices low with discounts and concessions; workers get to enjoy savings of between five and 20 percent off the usual price at every stall in its food courts and coffee shops.

Therefore, a second characteristic of social enterprises is that its social mission is evident throughout its operations, products, services and its impact on the communities it serves. Unlike traditional businesses conducting projects as part of corporate social responsibility (CSR), the social good done by a social enterprise is a part of the core business of the company. Even if delivering the social good is not its sole core business, it can be considered a social enterprise as long as its social mission is visible in every aspect of its work.

An intention and roadmap to sustainable financial performance (may have multiple revenue streams)

This characteristic addresses how a social enterprise funds its operations. A social enterprise is not a charity, so the business model should not depend on government grants and charitable donations as its primary source of funding. Even if it initially has to rely on grant funding to run, it should have a clear aim to become sustainable through earned revenue and have a well-thought-through plan to achieve this goal. This may require multiple revenue streams, including some element of grant-funding, but the organisation's continued existence should not depend on this alone.

One example raised by discussants in this respect is that of **SATA Commhealth** which has charity status and was initially operated as one, requiring 100 percent of its activities to be funded through donations. Today it still has charity status, but runs as a social enterprise with only a very small percentage of its revenue coming from donations. The clinics that it runs charge corporate rates, but those who need financial assistance are provided subsidies through an endowment fund that it created through successful fund-raising when it was operating as a charity.

Another example cited is **NTUC First Campus Co-operative Ltd**. This social enterprise was established to provide childcare services at rates below the government median to help women, particularly those from lower income groups, go back to work. In addition, approximately 15 percent of the vacancies available each year are reserved for children from the lowest income quintile. If families are unable to pay the regular rates, they are given a subsidy from the Bright Horizon Fund that is raised from donations. The co-operative does not waive fees entirely for this group as doing so could potentially lower beneficiaries' commitment to attend as well as negatively impact its financial bottom line.

Participants acknowledged that the nature of the business – a response to market failure – suggests that there might not be a financially sustainable business solution. Several social enterprises had closed down because they could not make ends meet. At the macro level, this should not be a problem as this is an issue that any business is likely to face. Fewer than

10 percent of all tech start-ups succeed, so if only 60 percent of all social enterprises succeed, it can be considered a very good outcome. That said, a lot of social enterprises still in operation are continuing to exist on grants, donations or other forms of charity after three to four years. This inability to transition to heavier reliance on earned revenue is a concern. Given that many companies in Singapore find it hard to sustain their businesses without expanding internationally, some participants suggested that perhaps social enterprises too should not limit themselves to national boundaries, and should consider moving into other markets to improve financial performance. Microfinance institutions and organic food companies were cited as clear examples of profitable social enterprise models that transcended national boundaries. Indeed in the initial years of the microfinance industry, these institutions relied heavily on donations and grants. However, with a strong focus on sustainability and scalability, they were able to successfully turn the tide around. Today, many microfinance institutions around the world are able to provide both social and financial returns to their investors.

This third characteristic suggests that a social enterprise should have an intention and roadmap to sustainable financial performance. Even if it relies on multiple revenue streams, it should not be operated purely on a charity-buying model, and should over time transition to generating increasing amounts of its revenue from earned income.

Based on business processes and thinking

The fourth characteristic speaks to the centrality of having business processes and thinking underpin a social enterprise. Several CCC participants proffered that when a social enterprise is being conceptualised, the first thought should be how to design the business to achieve the desired social objectives. This is unlike a regular for-profit engaging in CSR and designing the project to leverage the company's pre-existing business advantage. Every company exists to serve a need, but for a social enterprise, serving that need is its end goal. A participant said, "a company which produces wheelchairs with the stated objective to sell a million wheelchairs will conduct business and select distribution channels differently from a company

whose objective is to ensure that everyone who needs a wheelchair gets one."

As much as a social enterprise does good for the community, it also has to do well financially. It has to have all the elements of a good business and be sustainable and profitable. After all, a "social enterprise is an enterprise," said a CCC participant. While the CCC generally agreed on this point, there was a division of views on how financially successful a social enterprise should be. "The common perception is that a social entrepreneur walks around in rags and takes the bus. If I were too rich, people will start doubting my mission," said one participant. Several discussants wondered if being a clear commercial success would disqualify an organisation as a social enterprise. **NTUC Fairprice** was raised as an example. A number of participants questioned whether it is truly a social enterprise as it is highly profitable and the prices are not always the lowest. However a participant pointed out that while the chain commands more than half of the supermarket business, generates several millions in profits every year, and sets the price in the market, it continues to fulfil its social mission. Its mission to moderate the cost of essential products and services for the community was hard-coded in its by-laws at the time of inception. It continues to stockpile essential goods such as rice, sugar and oil annually to ensure their availability and affordability even in times of food crisis. Achieving this social mission requires the organisation to be financially profitable. Looking beyond this co-operative, at a broader level, if social enterprises are unable to earn financial surpluses over a period of time, they are unlikely to grow the capital required to help them scale their businesses and be sustainable.

Discussants at the CCC also said that without a legal structure to define clear boundaries on how a social enterprise should conduct business (outside of the Co-Operative Societies Act), it could be challenging for all social enterprises to apply the same level of rigour to their corporate activities. For example, a company registered as 'Private Limited' may have more options for scale, capital expansion and profit distribution than one registered as a 'Company Limited by Guarantee', which has to comply with both charity and corporate governance rules. In fact, it is very challenging to birth social enterprises out of charities or Institutions of Public Character because not all non-profit legal structures support the business aspects of the social enterprise. More importantly, the DNA of a

social enterprise is distinctly different from that of a charity, as reflected in the psychometric profiling of the entrepreneur, management and staff.

That said, participants noted that a legal structure could also work against the sector as has been seen in some countries where social enterprises were created on the side of big conglomerates purely to reap the tax benefits offered by the law. In these instances, the social enterprises were not able to sustain their social mission over time.

Both the substance and the form of the organisation matter. If the organisation has charity status in terms of legal registration, but operates as a social enterprise, then it should be deemed a social enterprise. On the other hand, if an organisation has charity status, but does not have a business model to finance its activities through earned revenue, it is not a social enterprise. Organisations such as the **Singapore Committee for UN Women** or **ACRES (Animal Concerns Research & Education Society)** that are funded primarily through leveraging resources from partner organisations are not considered social enterprises on the basis of this characteristic.

The CCC also discussed the necessity of quantitative parameters to delineate the social contribution of the organisation, be it in terms of percentage of beneficiaries employed or profit ploughed back. In its most socially conscious form, a social enterprise reinvests 100 percent of its profits in the business or hires all its staff from declared beneficiary groups. However, not all business models can be expected to sustain this focus on social impact over the long term. At the same time, the legitimacy of a social enterprise that only hires a token number of staff from the beneficiary groups or ploughs back a nominal percentage of profits to the social cause is likely to be questionable. The CCC agreed that the relevant quantitative parameters are contextual as priorities and preferences tend to differ across funders, grant-makers and other in-kind supporters, and thus the specifics should be left to each stakeholder to determine.

In sum, the fourth characteristic is that a social enterprise runs on strong business fundamentals designed to address the social objective with the attendant measurement of outcomes falling within the constraints of the legal registration form chosen.

Continuous balancing of dynamic tensions across business and social objectives

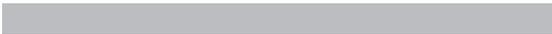
This characteristic addresses the nexus between the social and business objectives of a social enterprise, and the challenges of having to continuously manage the tensions between the two. As a CCC participant suggested, “When it is clear that an organisation is using a business opportunity to maximise profits, it is not a social enterprise. But when profit maximisation is subjective and based on how the organisation prices services to its beneficiary group vis-à-vis regular customers or how many beneficiaries it employs or how much it returns to its social purpose, it is a social enterprise.”

There are several hidden benefits and costs to running a social enterprise that are not immediately evident from looking at the company’s balance sheet. Social enterprises, such as **Alice in a Dot’s World** or **Believe NJ Bakery**, that hire staff from a particular beneficiary group often have to adapt their business processes to suit their staff’s needs and capabilities, thus compromising on production efficiency. They also tend to take on their beneficiaries’ psycho-social and emotional issues as well as support their families and caregivers while trying to teach them skills in the workplace. One example cited during the CCC discussion told of a staff member at a social enterprise who arrived late for work every day, sometimes up to four hours after the scheduled reporting time, because of family circumstances. But the organisation continued to employ him knowing it would be difficult for him to get a job elsewhere. When the same employee left the company three years later and moved to a traditional for-profit organisation, he lost his job within three months. On the other hand, social enterprises that successfully hire and re-integrate ex-offenders or rehabilitate drug addicts save the government and taxpayers the costs of crime, re-incarceration and behavioural issues, discussants at the CCC pointed out. Such social benefit is not reflected in the overall financial balance sheet calculus.

Discussants said hidden costs such as the ones highlighted above inevitably affect the competitiveness of social enterprises in the marketplace. Often such costs are the reason why the prices submitted by social enterprises in procurement

tenders are not as competitive as other market players. At present, it requires the active intervention of a sponsor or spokesman to highlight the work of the social enterprise to the procurer for it to have an opportunity to win a tender. The CCC agreed this process is ad-hoc, inefficient and biased towards better known social enterprises in the market. The challenge for social enterprises is to price the cost of such social externalities well and for the market to recognise these costs in kind and introduce a process of accounting for them in a transparent manner. An example is the support offered by several property developers in extending subsidised rental rates for social enterprises which goes a long way in helping them achieve their social mission and stay afloat.

Therefore the fifth characteristic of social enterprises is that they are continuously balancing the tensions between their financial and social objectives to meet their social purpose while remaining financially stable and sustainable.



What Role will Social Enterprises Play in Meeting Future Needs?

While social enterprises are a growing part of the Singapore marketplace and social landscape today, their evolving character, complexity and contextuality suggest they may not always be the answer. Just as clan associations, self-help groups and co-operatives supported individuals in the early years of the nation's history, it is possible a different solution may emerge in the next few decades. In this section, we highlight the top three social issues the CCC anticipates Singapore will face in 30 years and the solutions proposed by the group. It is worth noting that all the proposed solutions call for the involvement of a range of actors versus social enterprises alone, suggesting that the latter are seen as only a part of the envisioned response to increasingly multi-faceted situations.

Increased life expectancy & aging population

CCC participants were unanimous in acknowledging the challenges and pressures that Singapore will face in 30 years due to increased life expectancy and an aging population. According to government estimates, the number of elderly citizens is expected to climb to 900,000 by 2030, more than 25 percent of the current population (National Population and Talent Division, 2014). By then, there will be only 2.1 citizens in the 20-64 years age group for every citizen aged 65 years and above, compared to 6.3 in 2011 (National Population and Talent Division, 2014). Without immigration and at prevailing birth rates, the median age of citizens in 2030 will be 47, up from 39 in 2011 (National Population and Talent Division, 2014). People are living longer with life expectancy having increased by 10 years from 72 to 82 years between 1980 and 2010 (National Population and Talent Division, 2014).

As a result of these trends, participants suggested that Singapore is likely to see increased pressure on healthcare facilities, medical professionals and caregivers in addition to other complex issues. Shrinking household size, increasing proportion of singles and a more individualistic, less family-oriented community suggest that more elderly will live alone and have to take care of their own retirement needs.

While the younger generations are better educated and more financially savvy, those belonging to the older generation tend to have inadequate retirement planning. The expectation is for their children to support them, but unfortunately this is not the scenario that is playing out.

As people live longer, the incidence of dementia, Alzheimer's disease, depression and other mental issues in the country will increase. In 2013, there were approximately 28,000 individuals in Singapore aged 60 years and above with dementia. The figure is expected to almost triple, reaching 80,000 by 2030 (Ministry of Health, 2013). The elderly are less aware of the symptoms of such illnesses and often do not seek treatment early enough. There will be increased demand for caregivers to help with daily living needs, more pressure on nursing and old age homes, and more worry that retirement income will be insufficient for the remaining years of their lives.

Among the solutions that have been put forth, what stands out is the suggestion to develop a community support framework – as opposed to an institutional framework – to assist the elderly and help them cope with their changing needs. CCC participants suggested using advocacy to educate the community and increase awareness and sensitivity towards the elderly. To meet the growing demand for assisted living space and easier access to medical and other support services, participants suggested that co-operatives could set up more day-care centres and retirement villages. There was also a suggestion to encourage clan associations to share the responsibilities of caring for the aged in their communities. The clan associations were seen as good intermediaries because of their familiarity with local dialects and traditions, and their well-established and trusted fundraising capacity.

Mental health

The second issue CCC participants raised is that of mental health within society as a whole. Given Singapore's world-class economy, competition for good jobs, places in top schools and homes in better neighbourhoods, amongst others, is stiff. The social

aspirations of individuals in the community are also rising with increased demand for branded goods. All these put significant pressure on the community as a whole to achieve such so-called markers of 'success'.

The proliferation of a digital lifestyle comes with a range of repercussions on mental well-being. The smartphone penetration rate at 87 percent in 2014 is the highest in the Asia Pacific region with Singapore sharing the top spot with Hong Kong (Nielsen, 2014). The Internet penetration rate at 73 percent puts Singapore among the top 10 countries around the world in terms of Web accessibility. Without a doubt, social media has become an engrained part of people's lives with 96 percent of Internet users here active on Facebook, WhatsApp, LinkedIn, Google+, Twitter and Instagram in 2014 (We Are Social, 2014). CCC participants said this reliance on social media instead of relationships built on face-to-face interaction is likely to lead to significant social disengagement and divisiveness in the years ahead. There could be increased incidence of cyber addiction, cyber bullying, hacking, and online economic crime.

Participants in the CCC recommended a two-pronged approach to addressing the mental health issue. They suggested directing effort in the immediate term to encouraging medical professionals to take up psychiatry to facilitate early diagnoses and better treatment options for those needing help. At the same time, awareness and understanding of mental health issues need to be stepped up with advocacy, both by government as well as the community through the combined efforts of psychologists, school guidance counselors and existing support groups.

CCC participants also called for reframing – by leveraging social media tools – the way Singaporeans celebrate success. There is a pressing need to shift mindsets towards a values-based society away from the one defined by material success. They suggested identifying multiple success pathways for children. To that end, creative individuals such as potters and artists who have perfected their craft should be celebrated alongside those who excel in corporate environments. However, an eco-system approach to addressing this issue is necessary, participants in the CCC said. They reiterated the importance of looking at the entire value chain of efforts, including the potential contributions of social enterprises, voluntary welfare organisations and corporations alongside the work by government bodies and community institutions.

Widening income disparity

The third issue identified at the CCC is that of widening income disparity. The Gini coefficient in Singapore in 2013 was 0.463, one of the widest income gaps among developed countries (Department of Statistics, 2013). Wages have stagnated for the majority of the workforce while the income of the top one to two percent has risen sharply (Bhaskaran, Chee, Low, Song, Vadaketh & Keong, 2012). CCC participants expect these disparities to grow more stark in the next 30 years, increasing tensions in the social fabric and threatening social cohesion. 'Income envy' could potentially become a larger issue with those at the bottom rung of income distribution struggling to put food on the table while those at the top flaunt branded bags, large cars and expensive homes. People are likely to feel even more acutely that their income expectations are not being met despite working hard for a living.

Tackling this issue will require more than just the social sector alone, CCC participants acknowledged. There will need to be partnership across the public, private and people spheres as opposed to the traditional public-private partnership. The 'people' sphere denotes civil society as a whole comprising social entrepreneurs, grassroots communities, clan associations and self-help groups. Involving individuals on the ground is likely to lead to greater ownership of the issue across the country and result in innovative and diverse solutions, participants said. On the other hand, government support is necessary to subsidise the cost of living for the lower income group and encourage the growth of the small and medium enterprise sector to support job creation as well as provide wealth creation opportunities.

The development of cottage industries in the heartlands was raised as a potential long-term solution. This involves developing co-working spaces within the housing estates where sole proprietorships could be established. Small storeowners (e.g., tailor, optician and stationer) could share facilities, thereby reducing the costs of overheads. People will be less likely to rely on handouts when entry barriers to establishing their own stores are lower, participants suggested.

People need to be encouraged to buy local – be it from community gardens or local artisans. For this to

work, it is necessary for the public and private sectors to embrace the 'buy local' ethos and reduce reliance on outsourcing and sub-contracting overseas, participants said. Otherwise, local producers cannot be expected to compete with the prices offered by overseas service providers, especially those from developing countries, given the costs of living in Singapore.



Key Findings and Implications

The engagement and analysis of the discussion yielded four key findings.

First, a social enterprise is context-driven and the role of social enterprises in society is likely to change in tandem with the needs of that society. Just as clans, self-help groups and co-operatives were the key support structures in the last century, today corporations, foundations and charities lead the way. All these actors will continue to play a role in the future because the dimensions of the problems confronting our society go beyond what any particular social enterprise or non-profit organisation can resolve. Community resources will need to be harnessed to pave the way for a long-term, collaborative solution.

Second, the social and business aspects of the organisation are equally important characteristics in the social enterprise model. A socially oriented organisation without a sustainable business model is a charity while a business-driven organisation without a well-defined and persuasive social mission is simply a business. Bona fide social enterprises carry unique DNA and are committed towards achieving their social missions with their revenue-generating activities.

Third, given the need to change mindsets and raise awareness across different segments of the community, the role of advocacy-based organisations in Singapore will grow. Champions will be required to speak on these issues and motivate others to see and act differently. While there are few social enterprises engaged in advocacy today, this may change in the next 10 to 20 years. If they are able to build strong business models for advocacy-based interventions, social enterprises may even be leaders in this area.

Fourth, the government's role in the delivery of solutions to address unmet social needs is perceived to be that of a facilitator or an enabler so that the people sector can emerge and actively participate in solving the problem at hand. The 'many helping hands' approach is seen as the most preferred solution to emerging issues. The government's strength is in mobilising the entire value chain of activities. For this to be a successful endeavour, strong leadership is required to engage the right agencies and synergise their efforts. There will also be a need for better communication across the public, private and people sectors to ensure a strong collective voice.

Conclusion

The consultation exercises conducted by ACSEP between June and August 2014 were valuable in teasing out the collective Singapore voice on the defining characteristics of social enterprises. The objective of these exercises was to help steer stakeholders beyond definitions, labels, models and legal registrations to understanding, from first principles, the fundamental characteristics of these organisations. As the CCC agreed, all companies – be they in the entertainment, pharmaceutical or matchmaking business – exist to fulfil a need in society and will likely frame their missions in a way that address a social context; no company will say that its mission is purely for financial return. However, a social enterprise will design its entire business based on the prevailing social context to address at least part, if not all, of the defined social concern. Its efforts will flow through its operations, products and services. It will be accountable for its social impact which will be visible. Though based on business processes and thinking, the organisation will be continuously balancing the tensions between social and financial objectives.

These characteristics are fundamental to the identity of a social enterprise, the discussants agreed, and can be used and adapted by any user – grant-maker, policymaker or budding social entrepreneur – to his/her needs. A policymaker may have some preference between local organisations and organisations that work internationally. A grant-maker may be more inclined towards organisations that hire beneficiaries as staff versus those that adopt the co-operative model. Unlike in the past when different entities drew up their own lists of defining characteristics, now all parties in the social sector in Singapore – from an award-giving body to a commercial bank – can draw on the same set of characteristics in delineating parameters to suit their individual needs. The hope is that with this collective voice and a common language, the stage is now set for social enterprises to thrive, scale up and contribute to a vibrant social landscape in Singapore.

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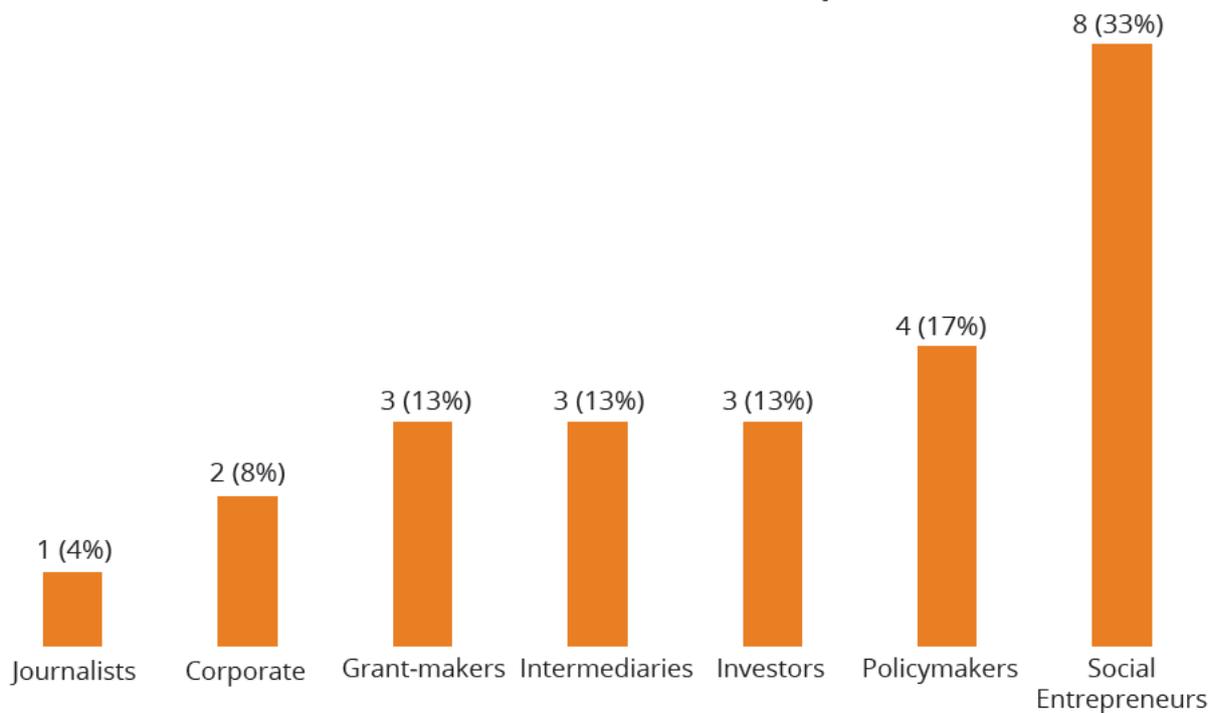
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Appendix: Participant Mix of Community Consultative Circle

Gender Distribution of Participants



Professional Affiliations of Participants



Finding a Common Language for Social Enterprises in Singapore

Social Entrepreneurship in Asia: Working Paper No. 3

Social enterprises are present-day business solutions to unmet social needs. Their business models and organisational forms are contextually determined within the prevailing socio-economic, legal and political regimes of a community, country or region. Unless they innovate to meet evolving needs, social enterprises lose their relevance over time. As such, it is necessary for stakeholders in Singapore to make sense of what is or is not a social enterprise and to conduct periodic reviews instead of imitating models from other countries or regions.

Over a series of discussions between June and August 2014, stakeholders in the Singapore social sector - social enterprises, intermediaries, foundations, grant-makers, investors, corporates, policy makers and journalists - agreed to move away from definitions, labels and legal forms to develop a common language on the defining characteristics of social enterprises to facilitate moving the sector onto the next stage of development.



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