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## **Social Enterprise – a Breakthrough in Seeking Employment for the Intellectually Disabled in Singapore**

Summary - This paper outlines a pioneering effort in Singapore towards solving the employment problem of the Intellectually Disabled, and traces the genesis, planning, development, challenges and lessons learnt from the attempt by MINDS to create “social enterprises” with the aim of catalyzing social change.

### **Introduction**

**MINDS** is a social welfare agency in Singapore offering education, training and care services to Intellectually Disabled Persons of IQ 50 and below. It runs 5 special schools, 3 employment development centers, 2 day training centers and 2 residential homes. The main mission of the Association is to assist the Intellectually Disabled achieve independence, dignity and integration into the mainstream of society. Through a comprehensive range of services, we empower the Intellectually Disabled with skills and confidence, maximizing their potential to lead a dignified and independent life.

The Association has been focusing effort in enhancing the capabilities of the Intellectually Disabled to secure employment. It believes that Employment is the best way to help the disabled integrate into society. It is the "Gateway" to inclusion. Apart from offering contract work and vocational training, the Employment Development Centre at MINDS also conduct job placement for the Intellectually Disabled adults. This is necessary partly to create an “outlet” to relieve the capacity problem at the centers.

In a highly commercialized and meritocratic society like Singapore, the Intellectually Disabled are disadvantaged by prejudices and misconceptions in seeking employment. There is inadequate understanding among common people of how Intellectually Disabled Persons could be enabled to live active and meaningful lives as contributive members of the community. Seeking employment especially for the lower functioning Intellectually Disabled Persons at MINDS, has been an uphill struggle. Success rate in open employment hovers around 5 %. When the economic downturn crept in since early 2000, many of our Intellectually Disabled Persons were among the first to be retrenched.

### **Social Enterprise- a solution to the employment problem**

MINDS' Management and staff thus embarked on a search for solutions to the problem of employment for the Intellectually Disabled. The need for a breakthrough from past reliance on external employers was felt. “If it is so difficult to get them employed, why can't we employ them ourselves ?” was the basic argument. The idea of self-creating enterprises to provide employment to our own Intellectually Disabled trainees was thus conceived. Apart from enhancing skills training at the Employment Development Centres, MINDS has embarked on various initiatives to self-create job opportunities.

The pioneering effort of establishing "Social Enterprises" with sponsorship from corporations has marked a milestone in Singapore's social service scene. These are essentially viable businesses that would generate income and provide sustained employment to the Intellectually Disabled workers they hire. Motivated by the principle of “*Teaching them how to fish, instead of giving the fish*”, corporations enthusiastically came forward to contribute towards empowering the intellectually disabled to be economically productive and integrate into society as contributive members.

To MINDS, it was a creative response to a lingering socio-economic challenge. Whilst started off as a measure to broaden our options of finding employment for the Intellectually Disabled, our ultimate aim was to catalyze social transformation in the long run. As part of its organizational strategy of adapting effectively to future challenges, and to build organizational capital in the long-run, MINDS has embarked on a conscious attempt to embrace “Social Entrepreneurship”.

## **Social entrepreneurship**

We see Social Entrepreneurship as the use of entrepreneurial skills and business knowledge to drive social change. As Social Entrepreneurs, we desire to create enterprises that accomplish social purposes in addition to being commercially viable. Social Enterprise is essentially business with a social mission, and is the manifestation of “social entrepreneurship”. It attempts to blend social objectives with business endeavour.

Social Entrepreneurship is a relatively new concept in Singapore. MINDS’ initiation of social enterprises came before the wide-spread national campaign to encourage entrepreneurship.

Realizing the ceiling posed by the country’s dependence upon foreign investments and MNCs in sustaining continuous economic growth, the Singapore government initiated a campaign around 2000 to encourage entrepreneurial ventures among Singaporeans. It was said that Singapore’s future economic growth depended on the entrepreneurial spirit of its citizens to create wealth by starting business on their own. There are too few indigenous entrepreneurs who could wrangle into the world market. The better educated tend to crouch within the comfort zone of a stable and well-paid career. Few would venture to take risk and run businesses. The government has embarked on an extensive movement to spur entrepreneurial endeavours.

MINDS’ social enterprises was seen as an encouraging movement that is aligned with the national objective. Starting with a car wash enterprise, followed by a Thriftshop selling second-hand goods, MINDS intends to expand this concept and eventually form a business entity devoted to creating employment and social values for persons with Intellectually Disability. While the format of a social welfare agency running businesses is not entirely new, as in the case of the Salvation Army, MINDS attempts to revolutionize it into a social phenomenon that creates and sustain social value.

Noting the immense possibilities presented by this model, Singapore’s National Council of Social Service and the Ministry for Community Development have since propelled a movement to advocate such an approach..

## **Objectives of Social Enterprises**

MINDS sees the creation of social enterprises as a means to an end. We hope to create an impact on the social arrangements for Intellectually disabled, for longer term sustainable social transformation. Our ultimate aim is to employ entrepreneurial skills to drive social change.

Our model of enterprises takes the form of a not-for-profit organization creating commercial subsidiaries to generate employment & serve other social purposes. At the initial stage, income generation is incidental. In the longer term, resources generated from successful commercial activities can be used to advance and sustain our social endeavours. Our purpose is not to create wealth, but rather social values.

In any society, people who are engaged in productive work are seen to be more socially acceptable and respected. This is especially so in an achievement oriented society like Singapore. Intellectually Disabled persons who hold jobs would be better regarded and be more readily accepted. Employment is therefore the “gateway to inclusion”. Our social enterprises aim at promoting social integration through creation of jobs.

An enterprise within our control offers a conducive workplace where inadequate work skills & undesirable behaviours of the Intellectually Disabled persons could be contained and rectified. Such enterprises offer an effective platform for training and developing the work and social skills of the Intellectually Disabled persons, and raising their self-esteem along the way. Frequent contacts with the public facilitates social integration, and serve as perfect forum to educate the public on the potential of the disabled.

## **Major Concerns related to setting up of social enterprises**

### Conflict of interest

There was some concern that running of businesses contradict the very essence of social services. Our argument is that a modern-day social service agency in Singapore is by itself almost like a business entity, having to manage cost, measure outcome and create values. We have always functioned as a steward of social mission, and embarking on an enterprise is just one step further to maximize resources to create more social values. Embarking on social enterprises to enhance employment and the quality of life for the Intellectually Disabled is a means of furthering our social mission.

### Risk taking

Aversion towards risk was one major reason quoted for the reluctance of Singaporeans to enter businesses. “How much risks could a social welfare agency take ?” was an issue hotly debated within the MINDS before embarking on social enterprises. What would be the “contingency plans” should revenue falls short of targets ? These concerns have driven the adoption of a lower risk alternative of securing sponsorship from a corporation to underwrite losses if there were any.

### Legislation /regulatory measures ?

Although government rulings on welfare agency running a business were unclear as it was a pioneering area, there appeared no prohibitive regulations. The Singapore government is usually sympathetic & supportive towards charitable efforts. In the longer term, tax implications and effect on the Charitable Organisation status are issues that need to be resolved.

## **Business Planning & start-up**

A thorough preparation was conducted to clarify objectives, examine feasibilities, cover blind spots, prepare ground and study the impact before the social enterprise project was undertaken.

A feasibility study was first conducted jointly with our major sponsor – Merrill Lynch, on a few possible enterprises to engage in. Among those considered were car wash, grass-cutting, household cleaning, cafeteria, transport services and thriftshop. Car Wash was thought to be most suitable as the first project due to the following reasons :

(1) commercially viable as car ownership in Singapore is rather high, and Singaporeans are too busy to be washing their cars. If a willing petrol kiosk owner could be found, operating costs can be considerably suppressed.

(2) The skills- set involved can comfortably be handled by our Intellectually Disabled trainees

(3) High degree of visibility and exposure to educate the public on the ability of the Intellectually Disabled and their resolve to integrate into society as contributive members

Merrill Lynch, a multi-national corporation in financial business, provided a US\$45,000 “Training Fund” as start-up capital. Its staff also assisted in planning the business architecture as part of community contribution. BP Singapore came on board later and provided free venue and utilities, while offering support on operation and logistics. The Car Wash business commenced operation in May 2001 at a BP petrol station at Pasir Panjang (in Western Singapore. ) in May 2001. The project employs 8 Intellectually Disabled adults and 2 non-disabled workers in an integrated work crew. A MINDS’ Training Officer stations at the venue as project supervisor. The business saw profit of between \$200 to \$1000 in 10 out of the past 24 months.

Encouraged by the success of the Car Wash project, a Thriftshop selling second-hand items was established in Oct 2002 with US\$11000 seed money from Standard Chartered Bank. The shop selling donated second-goods is located at a Community Club in a public housing estate. It employs 6 Intellectually Disabled workers, with a Training Officer managing the shop while undertaking training supervision of the workers. The business has been making an average profit of around \$300 - \$1500 per month.

MINDS has thus established 2 enterprises in the first stage of the plan to embark on social entrepreneurship.

MINDS runs 3 Employment Development Centres, which provide sheltered employment, vocational training, job placement and in-house industries, catering to the vocational needs and quality of life domain of Intellectually Disabled adults. Each Centre is run by a Head, with an Operations Manager overseeing the functioning and business projects of the 3 Centres. For ease of control, the Car Wash and Thriftshop projects are each assigned under the ambit of one of the Centres for operational and logistic support. The Operations Manager oversees the development and promotion of the businesses.

### **Lessons learnt and challenges to overcome**

#### Conflict of mindset

The greatest challenge faced in running a social enterprise is to reconcile the social service mentality with business outlook. Operating a business with social-service type culture and mindset is sure formula for failure. Business would be stagnated if they were run by staff who are from social service background, lacking the acute business sense and innovative spirit. The problem is aggravated with staff who need to run social service programs and are “part-time” business managers. Committed people with expertise and experience in the relevant industry is desirable, failing which, the social service staff would have to try very hard to pick up business acumen.

The degree of success of the business projects is ultimately determined by the Human Resource available to the agency. Social enterprise needs people who are resourceful, always searching for new ways of doing things, keenly exploits opportunities, and have the ability to make things happen. If this is not available within the organization, leveraging on volunteers or setting up a managing group to fill the gap would be useful.

#### Management of the businesses

The enterprises has to be managed with keen business sense, employing sound business principles and practice. You have to understand the market, deal with risk factors, be cost and quality conscious, and always aiming for “Best for Less”. The 4 Ps of good business practice should always take center stage – Price, Product, Place and Promotion. One should see possibilities rather than problems. Managing a Social Enterprise is no difference from running an actual business – it is a real business ! However, the social entrepreneur need to bear in mind one important element - the balancing of social objectives with profit motive. Failing which, the business runs the risk of going off-tangent and losing its sense of mission.

There is a need to practice “entrepreneurial management”, which constantly seeks opportunities and pursues innovation, rather than “administrative management”, which focus on the mundane and allow existing resources and job descriptions to constrain visions and actions.

#### Need for “Support” & “Concession”

In principle, a social enterprise is expected to survive market competition and emerge a sustainable business concern. In reality, owing to the fact that it is run by “amateurs”, and that the level of efficiency and productivity of the Intellectually Disabled are markedly lower than “normal” workers, social enterprise may not be able to supply services at the lowest possible price.

While at times the “charity appeal” may persuade customers to pay a higher price, there is a limit to the longer term sustainability. The social enterprise needs to be cost effective, as the public will not consistently be willing to pay if the social premium is too high. The difficulty lies in competing with the private sector where they do best. Certain “support” and “concession” would be needed for social enterprises to survive especially during the budding stage.

“Support” such as a pool of fund to tie over the initial period until point of profitability, or government subsidies, free rental or utilities, or secured contracts and guaranteed source of clients (usually from government related agencies) may be necessary. “Concessions” such as lower rental for shop space, tax exemption etc would also enhance the chances of survival.

In MINDS’ case, the venue for Car Wash and the utilities were generously offered free by BP, Singapore. A training fund set up by Merrill Lynch helped to subsidize the initial losses. A lower than market rental was charged for its Thriftshop operating from a Community Club.

In some countries like Taiwan, products such as pillows/quilts made by agencies serving the Intellectually Disabled are absorbed by the Army and schools. Such “guaranteed business” from the public sector makes it somewhat a “protected” industry, and is helpful in keeping the enterprise afloat.

### Selection of industry to engage in

As MINDS’ social enterprises was guided by the objective of effecting social changes in the longer run, social values were balanced with business outlook in deciding the type of business to be engaged. The social returns and social contribution of each industry was assessed, in conjunction with the Returns on Capital Employed.

The following factors were considered in deciding which project to engage in :

- congruence with main mission of securing gainful employment while uplifting quality of life for the Intellectually Disabled
- opportunities of social interaction & normalization
- potential of public education
- provision of a controllable environment for training skills involved attainable by the Intellectually Disabled, with possibility of relatively high quality performance
- capital requirement
- extent of risk
- sustainability & capacity for growth
- complexity of business management

The following “Social Benefits” for the Intellectually Disabled are also taken into account :

- Overall wellness
- Dignity & self-esteem
- Companionship
- Social integration
- Exposure to variety of job skills

### Establishment of a separate business entity

Running social enterprises with the same set of staff who are managing social service programs may pose limitations to its sustainability and growth. The skills and knowledge required to run a successful business may not always exist among social service staff. The problem is compounded by the added work load. The model of running enterprises with the existing set of social service staff could best be described as “neither here nor there”. MINDS is exploring the setting up of a business entity separate from its main social service organ.

This may present a cleaner structure conducive to business growth. Engaging the help of the National Council of Social Services, relevant issues such as tax exemption, legal status and infrastructure etc would be deliberated.

A separate business entity, with a dedicated group of skilled staff, would facilitate focusing of effort on employment of sound business strategies, raising of productivity & efficiency, provision of quality service, good customer relationship, and aggressive marketing. It would inject greater cost and quality consciousness into the operation, as well as help to sniff out business chances, respond to changes and exploit opportunities.

## **Characteristics of a successful social enterprise**

### Visionary leadership

The adoption of social entrepreneurship entails leaders who have clear visions, are bold, resourceful, business friendly, able to read trends and see opportunities. The Management Board must be willing to take risk, tolerate failure, engage in continuous innovation and learning, and able to see seeds to reap benefits in the longer term. The leadership of the organization must embrace the tenet of making entrepreneurship a way of life.

### Clear Objectives

The objectives of the Social Enterprise must be clear from the onset. Social Enterprises should not be created solely for profit, but more for the social values they generate. In the case of MINDS, its main purpose is to create employment and uplift the quality of life of the Intellectually Disabled through social integration. However, balancing of social objectives with the business thrust is crucial. The enterprise should be run based on sound business principles and good management, yielding profit which could sustain it as a successful business. At the same time, it endeavours to pursue opportunities to serve its social mission.

### Mindset change within the organization

A successful business cannot be run based on compassion, empathy, and welfarism alone. The typical social service type culture needs to give way to one which upholds innovation and risk taking, adaptable to changes, sees possibilities rather than problems, unconstrained by current situation, and always seeking new ways of doing things. A mindset geared towards results, productivity, accountability and market sensitivity is crucial to business success. A sharp innovative spirit that hungers for new ideas and constantly identifying new opportunities is essential.

### Preparation of the Intellectually Disabled as effective workers

Preparation to ensure sufficient number of people ready for employment becomes critical. Training plays an important role in successful placement. There is a need to conduct systematic and effective training, with sufficient time spent at job sites, to thoroughly prepare the Intellectually Disabled persons for the job required to support the enterprise. Creation of a pool of readily deployable Intellectually Disabled trainees for contingency and future expansion was found to be of great advantage.

### Ability to harness resources

Having a capable & committed team of staff with sharp business acumen and good managerial abilities is crucial to the success of the social enterprise. They have to be suitably remunerated. Profit sharing and business commission are useful motivation. External sourcing would have to be done when it is difficult to find talent within.

The organisation's ability to mobilize corporate and community resources is another important ingredient for success. The value of corporate sponsorship lies not only in funding, but also in the readily available pool of business expertise. Community support is important in securing a wide customer base to keep the business afloat.

## Conclusions

Depending on the missions, internal culture and capacities of the organisation, the ability to create and sustain social enterprises would differ vastly. The pursuance of social enterprise has to be consistent with the main mission. It is necessary to look realistically into one's own resources and abilities before embarking on it. The objectives have to be clear, and measures to overcome risk factor must be in place. Creation of corporate alliances helps to overcome risk and infuse business know-how. A well-developed governance and management system would help tremendously in ensuring accountability, propriety and sustenance of the business. The market situation is dynamic and competitive. To survive, the organization has to be agile and innovative to cope with the continuing economic challenges. "Social" or "commercial", the fundamentals of an "Enterprise" do not differ. Sound business formula and efficient management would have to be applied for the enterprise to be sustainable.

MINDS started social enterprises as an innovative solution to a perennial social problem. It was a conscious effort to overcome the employment problem of the Intellectually Disabled. Its main aim was to empower the Intellectually Disabled and to build social wealth. It sees social enterpriser as an instrument for catalyzing both economic and social transformation for the marginalized group of Intellectually Disabled persons. Though profit generation was secondary, resources created from successful business activities would be used to further advance and sustain the Association's social goals.

Seeing the potential and values of "Social Enterprises", Singapore's National Council of Social Services has since been actively promoting the concept. Ministry of Community Development – the government agency that oversees social welfare matters has also taken a proactive step towards encouraging social entrepreneurship, by offering funding to any person, charity or business that comes up with business-like solutions to overcome social problems.

Operating social enterprises has brought about the spill-over effect of injecting efficiency and productivity consciousness into the employment service segment of MINDS, propelling it to streamline human resources and attain greater heights. In the long run, it is set to stimulate and propel progress within MINDS, forcing to reform or revolutionize its pattern of service provision. Social enterprises has metamorphosed into an unintended enabling strategy to help upgrade the operational capacity of the core organization. It has become a change agent.

*MINDS will continue to explore the various range and forms that social entrepreneurship may take, and the contexts under which such forms could be effective. It will attempt to explore further possible to design initiatives that would shape outcomes and success towards giving the Intellectually Disable a place in the society.*

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