

SOCIAL ENTREPRENEURSHIP





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Thank You!

Social Entrepreneurship is relatively a new term. It came in to notice just a few decades ago. But its usage can be found throughout the history. In fact, there are numbers of entrepreneurs who established social enterprises to eliminate social problems or bring positive changes in the society.

This manual is to expose and equip readers with the knowledge and skills to impart the concept of social entrepreneurship. Hopefully, with the publication of this manual, can expose the readers on the implementation of social entrepreneurship business model not just in the view of Malaysia perspective but also Global as well.

"I believe the basic attribute of mankind is to look after each other"

Norazimah Mejri

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Abstract

Social entrepreneurship is an important phenomenon in the field of entrepreneurial science. It can be categorized as a *pretty-new* concept. SE contributes to the economic development through value creation such as job development, innovation of goods and services, social capital, and promotional equity. Social entrepreneurship and traditional entrepreneurship are two different branches in the field of entrepreneurship. The closest example of social entrepreneurship is *The Silent Teddies* which provides employment opportunities as well as training to Deaf people in order for them to gain relevant life skills in hope that they will be able to successfully cope with the demands of everyday life. This enterprise is located in Lorong Ampang, Kuala Lumpur, Malaysia. Nowadays, the phenomenon of social entrepreneurship is beginning to gain attention and is widely studied by academicians. So, with this manual, it is hoped that help in giving exposure to the students and academics about social entrepreneurship can be successfully delivered. This manual contains 5 topics, starting with Introduction and followed by examples of social entrepreneurship in Malaysia as well as outside of Malaysia, steps to start the venture, funding and financial for the SE and ends with a conclusion.

» Table of Contents

01

Introduction to Social Entrepreneurship (1-8)

02

Social Entrepreneurship in Malaysia (9-19)

03

Social Entrepreneurship in Global (20-31)

04

How to Start Social Enterprise (32-44)

05

Funding and Financial (45-57)

C

Conclusion (58-60)

R

References (61-62)

CHAPTER 1

"The first step to becoming a changemaker is to give oneself permission to ignore (politely, of course) and all those who say 'Don't do it.'" -**Bill Drayton- Founder of Ashoka**

Introduction to Social Entrepreneurship

Topic learning objective:

**At the end of the chapter, students
will be able to:**

- **Define Social Entrepreneurship**
- **Differentiate between Social
Entrepreneurship and:**
 - **Corporate Entrepreneurship**
 - **Corporate Social Responsibility**

Chapter One

1.0 Introduction

1.1 Social Entrepreneurship

Social entrepreneurship is an approach by individuals, groups or entrepreneurs to recognize social problems and implement solutions to solve them in better ways by employing entrepreneurial principles, processes and operations. Social problems can be identified through working conditions, education, community development, health, equality, economic growth, climate action, justice and many more. These ideas are brought with the goal of helping and strengthening the society. It started in the early 1980s, starting with a business trend called cause-related marketing. The business realized the importance of taking care of customers' views on specific problems, so the business could start supporting social problems to attract customer loyalty and approach new customers.

Social entrepreneur, is a person who explores business opportunities that have a positive impact in their community, society or the world. The terms social entrepreneur and social entrepreneurship were used first in the literature in 1953 by H. Bowen in his book, *Social Responsibilities of the Businessman*. The terms came into widespread use in the 1980s and 1990s, promoted by Bill Drayton, Charles Lead beater, and others.

Social Enterprise (SE) is an ongoing business concern that puts a social mission at the heart of an enterprise. It has a sustainable business model. A social or environmental mission is to champion in social environments simultaneously taking responsibility in business ethics. Social Enterprise is currently "business unusual" but will become "business usual" due to the responsible and ethical manner of doing business. It is a business model that heals and improve social and environmental situations we are facing right now.



Any individual or even corporation and organization can adopt the social enterprise business model. It can be new venture or an existing one to have a social enterprise set-up. With identifying a social mission and impact to the society, that business model can sustain the mission of the enterprise. It is also reminded to also operate in a socially and environmentally responsible manner. If one owns an existing business, the entrepreneur needs to identify a social mission that would likely have the ability to champion and embed the social mission into its existing business, adjusting the new way to operate in order for the existing business to support relevant social missions.

One of the examples of social entrepreneurship is microfinance institutions. Where the Institution provides banking services to low-income individuals or groups that have no other access to financial services. Apart from that, other examples of social entrepreneurship are providing banking services in rural areas, educational programs for rural students, enterprises that assist the elderly in obtaining health care as well as medical facilities. All of these efforts are aimed at meeting unmet needs in communities that are not given access to the basic services, products or foundations available in more developed communities.

The introduction of electrical services through the construction of solar energy is another example of social entrepreneurship. A social entrepreneur may have a goal to provide access to a community that does not have a stable utility. In the modern era, social entrepreneurship is often combined with technological assets among others, bringing high-speed internet connections to remote communities so that school students have more access to information and knowledge resources again in such an era of technology.

A social entrepreneur should also strive to address the imbalance in such needs, the root cause behind the social problem, or the social stigma associated with being a resident of the community. The main goal of a social entrepreneur is not to make a profit. Instead, a social entrepreneur strives to implement far-reaching improvements in society. However, a social entrepreneur must still be smart in terms of business management be it finance, marketing and operations to succeed in his business.

Success in business requires five P's namely; persistence, patience, purpose, people and profits. Vital to economic growth and inclusion, especially for developing economies, social entrepreneurship is a fast-emerging discipline that generates social impact through an entrepreneurial approach that helps boost a country's economy, as well as its social fabric.



1.2 Corporate Entrepreneurship

Entrepreneurship refers to the concept of developing and managing a business enterprise along with any of its uncertainties in order to gain profit in the corporate world. The most prominent example of entrepreneurship is the starting of new venture. Jeffry Timmons and Stephen Spinelli suggest that entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced for the purpose of value creation and capture. In economics, entrepreneurship connected with land, labor, natural resources and capital that can generate a profit. The entrepreneurial vision is defined by discovery and risk-taking and is an indispensable part of a nation's capacity to succeed in an ever-changing and more competitive global marketplace.

Entrepreneurship process comprises of developing opportunities, gathering and managing resources and building operations with the goal creating value. Opportunities is a situation where products and services can be sold at a price greater than the cost of their production and of course, can be accepted by market. The second aspect involves gathering the physical assets, intellectual property, human resources, and financial capital necessary to move from opportunity to entrepreneurship venture. The venture must be formally and legally registered not just only to meet the requirements of the rules but it is one of the processes that can help in growing the business. The third process of entrepreneurship is managing and building the venture's operations. An effective business model must generate revenues to cover operating costs in the foreseeable future. Eventually, a venture requires enough cash flow to cover planned cost, expenses, liability reinvestment.

Entrepreneur is defined as someone who has the ability and desire to establish, administer and succeed in a startup venture along with risk entitled to it, to make profits. The entrepreneurs are often known as a source of new ideas or innovators, bringing new ideas in the market by replacing old with a new invention. The concept of modern entrepreneur requires much more than just having great ideas. It is someone with unique personality traits or key features within his attitude, skills and knowledge. Even though there are no specific traits that can pinpoint someone as an entrepreneur, some traits can be recognized as general characteristics of success entrepreneur such as initiative, discipline and consent, honest and trust, proactive, goal oriented, creative and innovative, opportunist, risk taker and people's person (strong communication skills).

Enterprise is another word for a company profit business. There are many forms of legal enterprise such as Sole Proprietorship (*company run by single individual*), Partnership (*business run by two or more individual*), Corporation (*profit entity created to shield the owners from liability should the enterprise become subject to a lawsuit*). Simply put, an enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity. According to Malaysia Digest (2020), There are 98 per cent of enterprise in Malaysia as a Small and medium enterprises (SMEs) and they make up 5% of Malaysia's 920,624 business establishments.

1.3 Corporate Social Responsibility

Corporate social responsibility (CSR) refers to strategies that companies put into action as part of corporate governance that are designed to ensure the company's operations ethical and beneficial for society. Corporate social responsibility is a business model by which companies make a concerted effort to operate in ways that enhance rather than degrade society and the environment. CSR helps both society and the brand image of companies. Corporate responsibility programs are a great way to raise morale in the workplace. As important as CSR is for the community, it is equally valuable for a company. CSR activities can help forge a stronger bond between employees and corporations, boost morale, and aid both employees and employers in feeling more connected to the world around them.

For a company to be socially responsible, it first needs to be accountable to itself and its shareholders. Companies that adopt CSR programs have often grown their business to the point where they can give back to society. Thus, CSR is typically a strategy that's implemented by large corporations. After all, the more visible and successful a corporation is, the more responsibility it has to set standards of ethical behavior for its peers, competition, and industry. Although corporate social responsibility is a very broad concept that is understood and implemented differently by each firm, the underlying idea of CSR is to operate in an economically, socially, and environmentally sustainable manner. Generally, corporate social responsibility initiatives are categorized as environmental responsibility, human rights responsibility, philanthropic responsibility and economic responsibility.

In a way, corporate social responsibility can be seen as a public relations effort. However, it goes beyond that, as corporate social responsibility can also boost a firm's competitiveness. The business benefits of corporate social responsibility include the stronger brand image, recognition, and reputation, increase customers loyalty and sales, operational cost saving, retaining key and talented employees, easier access to funding and reduced regulatory burden.

1.4 Differences Between Social Entrepreneurship, Corporate Entrepreneurship and Corporate Social Responsibility.

Basis	Corporate Entrepreneurship	Social Entrepreneurship	Corporate Social Responsibility
Main Objectives	Building a business and maximizing profits	Proactive in its approach to social change plus profit	Reactive in its approach for social change to make stronger company brand image and customer loyalty
Measure of Profitability	Benefiting shareholders and investors	Profit engage in for SE activities	non- profit activities
Investors	Venture Capitalists	Philanthropists	Shareholders & Philanthropists
Wealth Creation	Wealth is same as profits	Wealth means by creating and maintaining social and environmental capital	Maintaining company image and customer loyalty
Performance Measurement	Rely on relatively tangible and quantifiable measures of performance such as financial indicators, market shares, customer satisfaction and quality	Measuring social change is difficult due to its non-quantifiable and multi-causal characteristics, and perceptive differences of the social impact created	Social Impact and company image

Table 1.0 Differences Between Social Entrepreneurship, Corporate Entrepreneurship and Corporate Social Responsibility.

Activity 1

Name:

Date:

Explain Social Entrepreneurship 

Explain Corporate Entrepreneurship



Explain Corporate Social Responsibility



CHAPTER 2

“If you’re going to create real impact, it has to be done with the same focus and level of intensity as your business.”

-Scot Tatelman- Founder of STATE Bag

Social Entrepreneurship in Malaysia

Topic learning objectives:

At the end of the chapter, students should be able to:

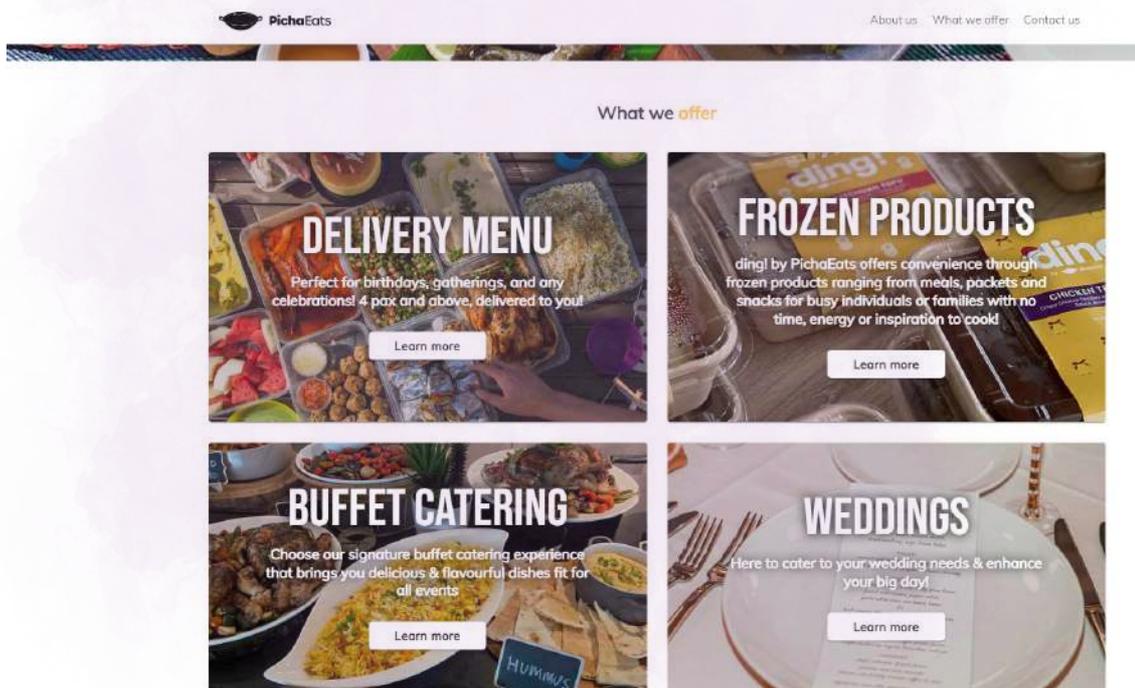
- **Identify Malaysia's Social Enterprises**

Chapter Two

2.0 Malaysia SE

Musashi Miyamoto in his book, *The Book of Five Rings* (1645) once said, life has no other meanings but to contribute to other souls. This is aligned with the principle of social entrepreneurship, where one not only thinks of own profits, but to also contribute to other living things that share this singular earth. In this chapter, local Malaysian companies that put social entrepreneurship as a beacon of objectives will be looked into in hope that not only knowledge can be adapted from these companies, but also profound vision and comprehension.

2.1 PichaEats



Source: Pichaeats (2021)

Figure 2.1.1: Services and products offered by Pichaeats

There were 178,100 registered refugees and asylum-seekers present in Malaysia in 2019. This fact is a contributor for Pichaeats, where the idea of establishing this selfless enterprise sparked from a simple meal had with refugee students. The idea spark went on to light a train of ideas and efforts in identifying the family members of the refugees who could cook. From there, sufficient training to turn them into professional chefs was given to build Pichaeats empire. Not only that, they were also sought and trained for the purposes of designing a selection of suitable menu, packaging and many more. Once the base of Pichaeats had been built, little that they know that they would go on to be successful to the point where they now collaborate with 25 chefs from Malaysia's refugee community where they operate in 14 kitchens to date.



Source: Malaymail.Com (2019), Picture by Choo Choy May

Figure 2.1.2: (From left) The PichaEats founders: Suzanne Ling, Lee Swee Lin and Kim Lim.

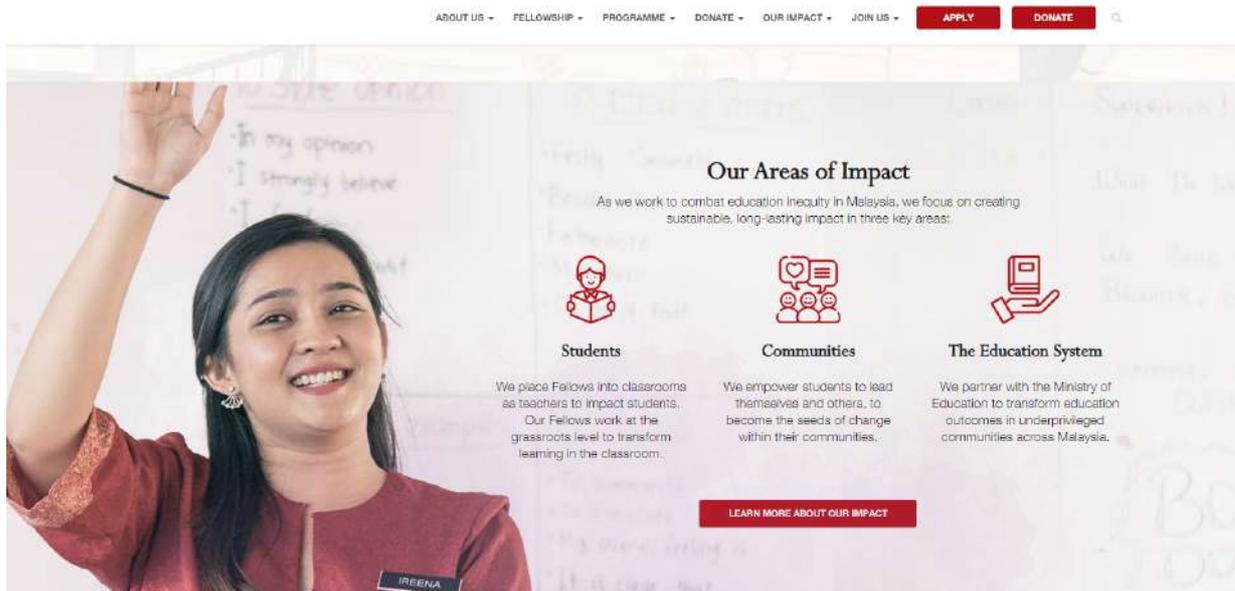
The main impact that Pichaeats focuses on is giving the power of employment to refugees who would usually have difficulty in getting employed in Malaysia. So far, chefs from Palestine, Syria, Afghanistan and Iraq are the workforce of Pichaeats. 50% of their profit are channeled to the chefs to cover the cost of living as well as cooking ingredients and another half is for Pichaeats for the cost of its operations and reinvestments to increase their impact towards their goals. They offer services such as food delivery, buffet catering, catering for small and big events such as wedding, corporate and group events, as well as frozen products. Their menu consists of middle-eastern-themed food such as Kabsa Rice, Lamb Mansaf, arabic coffee tiramisu, Falafel and so many more.



Source: Pichaeats (2021)

Figure 2.1.3: Products offered by Pichaeats

2.2 Teach for Malaysia



Source: Teach for Malaysia (2022)

Figure 2.2.1: Areas of Impact by Teach for Malaysia

According to The State of Households 2018: Different Realities. Khazanah Research Institute, those with tertiary education earn up to 3.6 times more than those without a certificate. This pretty much says that there are discriminations of fate when it comes to succeeding in education. This later on prompted the founder of Teach for Malaysia to open up a platform to generate opportunities for the ones affected particularly local students. This donation-based enterprise was developed with the objectives to vanish the obstacles of getting to comfortably learn for Malaysian students who are facing education inequality issues such as systematic factors, socio-economic factors and prevailing ideology. As examples, students who tend to speak more but having existential crises due to comments and perspectives from others and those who suffer access to quality education due to the level of financial status.



Source: Teach for Malaysia (2022)

Figure 2.2.2: Partner and support for Teach for Malaysia

Teach for Malaysia focuses on distance learning or online learning where education can be accessed from anywhere and anytime as long as internet connection and relevant devices are present. This enables interested students to have flexible learning time where they can arrange their learning schedules based on their daily lives with a minimum of 3 hours of learning per week. The flexible scheduling system sets this business apart from normal public schools in this country. The educators are volunteer tutors who need to go through a selection process as well as compulsory training to ensure quality before tutoring. This business focuses on small-group learning and one-on-one education teaching and learning sessions to supervise content and results.



Source: Teach for Malaysia (2022)

Figure 2.2.3: Program conducted by Teach for Malaysia

2.3 Tanoti Craft



Source: TanotiCrafts.Com (2022)

Figure 2.3.1: Penan woman weaving A mats as a craft

When we talk about rural areas, apart from the peaceful lives and natural sceneries, there is a problem that tend to exist in every rural area and that is financial source. This predicament hits harder on the women that live in rural areas, especially in Sarawak. This led to the initiative of creating a base of income generator to helping those affected by the issue which is Tanoti Craft. Tanoti Craft employs women of different ages to produce handmade crafts to sell to outside communities. This act by Tanoti Craft could well improve rural women's lives via the art of their craft weaving. One of their products is Songket. Songket is a Tenun fabric that belongs to the family of Malay world textile that include countries like Brunei, Malaysia, Singapore and Indonesia



Source: TanotiCrafts.Com (2022)

Figure 2.3.2: Products offered by Tanoti Craft



Source: *TanotiCrafts.Com* (2022)

Figure 2.3.3: Rattan Totes offered by Tanoti Craft

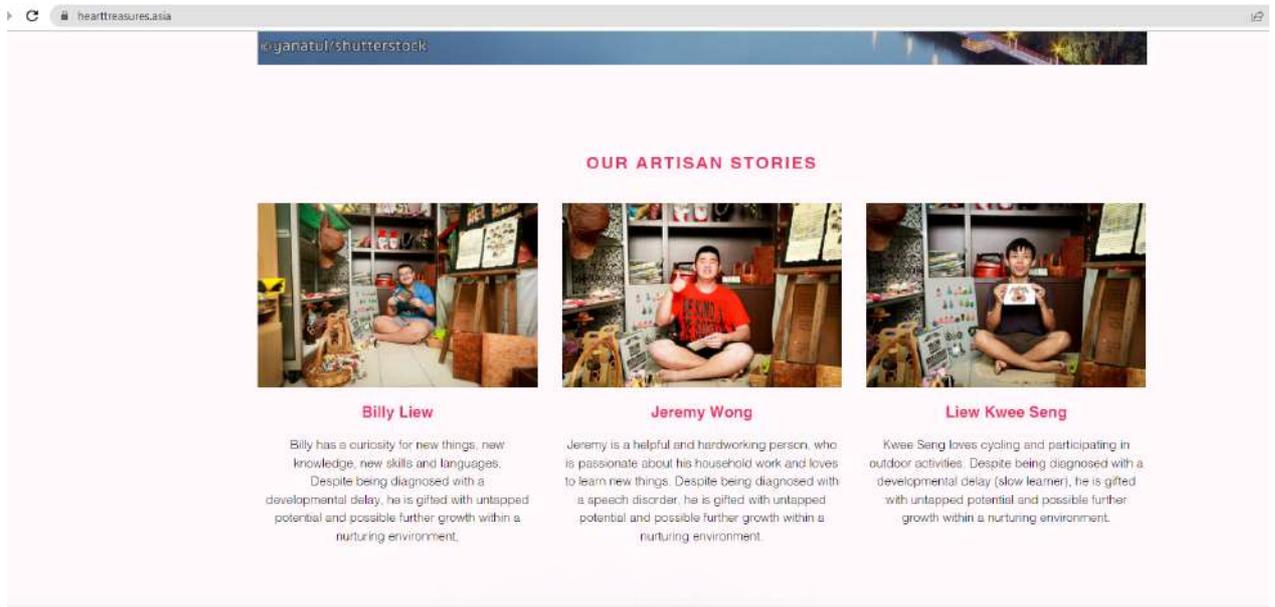


Source: *The Star Malaysia* (2018), Photo courtesy by Tanoti

Figure 2.3.4: Tanoti co-founders June Ngo (left) and Jacqueline Fong

It is hand-woven in cotton or silk and the patterns on songkets are intricate, complex and difficult to execute. It is usually done with the inclusion of gold or silver threads, along with other primary and secondary colors. The function of the gold and silver presence is to prevail a shimmering effect, standing beautiful patterns out of the background clothes. Songket is suitable to wear on relevant events or celebrations in mentioned countries, suitable with existing cultures. The production of even one songket is painstaking where each piece needs an allocation of two to three months to complete due to the difficulty, intricacy, and precision of the weaving.

2.4 Heart Treasure



Source: Heart Treasure (2022)

Figure 2.4.1: Heart Treasure website

Much like Tanoti Craft, Heart Treasures is a social enterprise that tries to eliminate issues to unfortunate souls via crafts and arts. In this case, Heart Treasures targets those with physical and intellectual disabilities to lead a fulfilling and independent life through their means. This enterprise was founded in 2011 with the objectives of providing a place for the unfortunate to create crafts to generate income. Simultaneously, this act provides not only knowledge on crafts and art to those with intellectual and physical disabilities, but also communication and fine motor skills throughout the process. Through time, the disabled youths are not only given allowances as a reciprocation of their hard work, but some of them may be given the chance to be fully employed if they could fulfill relevant grade. Each product is handmade, made with upcycled materials to also care about the earth, with the incorporation of loyal culture in their crafts. Heart Treasures offers products such as gift packaging, batu seremban sets, customized DIY sets, corporate gifts, paper bead jewellery and more. For events, they also provide thematic product designs. Their products are affordable and can be bought through exhibitions, roadshows, and even direct orders. With the vision of 'dignity-for-life' transformation for the ones with disability to lead fulfilling and independent life, it is hopefully that this enterprise can grow and spread the positivity as well as objectives with others.

2.5 Blubear Holdings



Source: AirAsiaFoundation.Com (2018)

Figure 2.5.1: Eco-friendly products (hygiene and sanitation) by Bluebear Holdings

Hygiene is a vital element in our daily lives and much to our knowledge, important elements require challenges and obstacles in order to be fulfilled. Blubear Holdings highlights the importance of hygiene and sanitation, especially in women. Women experience monthly inconveniences and although it may seem like an uncommon problem, every woman on earth experiences issues with it especially women from lower financial backgrounds and countries. To some, purchasing multiple sanitary pads every month could be a huge burden. That is why Blubear came up with an alternative to disposable pads. This product not only saves money but also is eco-friendly. A reusable pad is always better than the disposable ones since it only has to be purchased once. Not to mention that less waste pollution is also a contribution of this convenient product. Blubear Holdings does not only focus on promoting their products but they also provide education on women's hygiene and sanitation. The profits that they make go to educating underprivileged girls and women about the management of personal menstrual hygiene. With the aim to promote self-development and become a leader in giving programs for women and girls, Blubear is definitely on the right track of social entrepreneurship.



Activity 2

Name:

Class:

Date:

Social Enterprise:

State:

Find 1 example of social entrepreneurship businesses in Malaysia and explain. (Other example from this manual)

Types of communities

Business feature

Impact to the communities



CHAPTER 3

"The first step to becoming a changemaker is to give oneself permission to ignore (politely, of course) and all those who say 'Don't do it'" - Shiza Sahid - Co - Founder of Malala Fund

Social Entrepreneurship in Global

Topic learning objective:

**At the end of the chapter, students
will be able to:**

- **Identify global Social Enterprise**

Chapter Three

3.0 Global SE

The notion of the existence of social enterprise is globally known and practiced for very obvious reasons. Despite many still prioritize profits over anything else, there are entrepreneurs out there who actually care about the well-being of the people and the earth. In this chapter, we will go through some international enterprises that put social enterprise concept as the pillar of their businesses.

3.1 Jayaashree Industries (Pad man)- India



Source: BBC.Com (2014)

Figure 3.1.1: Arunachalam Muruganatham, the man who reinvented the sanitary pad

Like Blubear, the company that we went through in the previous chapter, Jayaashree Industries sees women's hygiene and sanitation as his bridge to social entrepreneurship. This business was founded by a man named Muruganatham Arunachalam in a congested Kotla Mubarakpur village in South Delhi, India. Muruganatham, 60, started his quest in providing low-cost sanitary pads to women in his village in 1998.



Source: TheJuggernaut.Com (2019)

Figure 3.1.2: Arunachalam Muruganantham with sanitary pads created for low income women

His vision was due to the issues he faced prior his success where sanitary pads were a luxury item to be purchased by women and most did not even care or know about the existence of sanitary pads so women there would usually just let their menstruation cycle get in their way of having a normal life. Also known as Pad Man, the story of Muruganantham inspired the film Pad Man which was released in 2018 to educate people about the issue in a comedic and touching way.



Source: The Times of India (2020)

Figure 3.1.3: The community selling sanitary pads to generate their income

Jayaashree Industries always tries to find a way to produce the cheapest sanitary pad product ever so that poor civilians could have access to it. This causes a revolution in hygiene and sanitation in his village and it not only helped through the distribution of the product, but the company that started with a small customized sanitary pad making machine also employs girls and women. This simultaneously lifts the financial level of the women involved. It's like killing two birds with one stone. Muruganantham Arunachalam created this business with one wish in mind and that is; to ensure every Indian woman has access to sanitary pads during her periods.

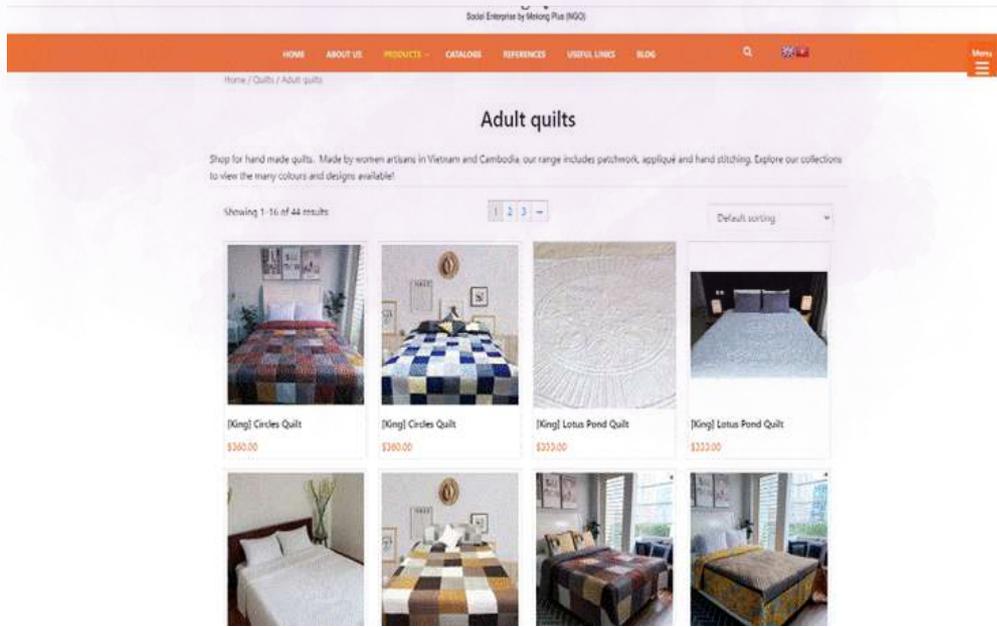
3.2 Mekong Quilts-Vietnam



Source: MekongQuilts.Com (2022)

Figure 3.2.1: Women in villages of Vietnam and Cambodia creating natural hand-braided water hyacinth bags.

Relating to Tanoti Craft in Chapter 2, a company in Vietnam called Mekong Quilts targets underprivileged women in Vietnam and Cambodia to have a better life and opportunities through their social enterprise. Mekong Quilts employs under-privileged women by providing a means for them to produce high quality products that do not ignore the planet.



Source: MekongQuilts.Com (2022)

Figure 3.2.2: Products offered by Mekong Quilts

The employment helps involved women to have financial support and activities as well as skill-development in life. Their products are usually made of natural linen or cotton and they are made from recycled materials, including their hand-braided water hyacinth bags. Their main original product is bamboo bike where it is advertised as a resistant product, comparable to the likes of steel. Apart from that, they offer various types of quilts (adult, baby and hammock quilts), cushions, gift sets and many more. The unique trait of their product is in the designs because they are inspired from the Vietnamese and Cambodian cultures, combining the styles of conventional and modern.

3.3 Buddy Homecare (BHC)-Thailand



Source: TQPR.Com (2022)

Figure 3.3.1: The teams provide health education to seniors

We are often advised on about how we should respect the elders and taking care of them in our society is a part of our job without a doubt. Health-Buddy Homecare, an enterprise operated by the Foundation for Older Persons' Development (FOPDEV), took the advice to heart and since 2015, it has been operating with the goal of making sure the elderly people are properly taken care in their community in mind. The enterprise provides services such as caregiving the elders, offering individual care plans, and so on.



Source: AHWIN.Org (2020)

Figure 3.3.2: The team checking blood pressure of the senior

They wish to integrate care for the elderly to be able to rehabilitate and develop the potential and knowledge of the elders to help themselves as much as possible. Located in Chiang Mai, Thailand, BHC works on an innovative intergenerational approach to face the problems that commonly arise regarding old people, as well as ethnic youths in poverty. Employment opportunities for the ethnic youths help them to sustain life better, avoiding them from suffering poverty full-on.



Source: AHWIN.Org (2020)

Figure 3.3.3: The team checking blood pressure of the senior

This includes a three-month training on elderly nursing, to make sure of service quality. These youths are now caregivers, healthcare volunteers, and change agents in their community. BHC simultaneously provides financial help to the ethnic youths and making sure that the elders are in proper conditions. Their services are also provided at very affordable prices. Their profit is commonly reinvested in social-related purposes like providing training for more ethnic youths, and lessening the prices of healthcare services for the elders.

3.4 mPharma - Ghana Africa



Source: healthcareafrika.info (2021)

Figure 3.4.1: Pharmacies branch by mPharma in Ghana

With the vision to ensure that Africa is in good health and until then, they will not cease until every person on the continent has access to safe and affordable medicine, a social enterprise called mPharma does what it does best, providing affordable medicines to Africans. The business started around five years ago before it expanded in 2019 with the gain of Kenya's second biggest pharmacy chain. Now, pharmacies under mPharma is recognized as Mutti Pharmacies.



Source: healthcareafrika.info (2021)

Figure 3.4.2: Pharmacies branch by mPharma in Ghana



Source: healthcareafrika.info (2022)

Figure 3.4.3:
Healthcare startup mPharma

Source: healthcareafrika.info (2022)

Figure 3.4.4:
Free medical check up for
communities in need



The pharmacies are successful in their fields as can be seen from their records. As of now, they have 150,000 Mutti members. 72% of patients reported that the medicines purchased from Mutti pharmacies are cheaper compared to other pharmacies. mPharma also makes sure that they always have medicines in stock and this is proven from their record where 90% of patients rarely experienced stockouts. Apart from that, it is also reported that over 50% of the then most prominent global pharmaceutical companies are clients of mPharma. With the mission to build Africa's biggest primary care health management organization (HMO), it is undoubtedly that they deserved the Skoll award worth 1.5 million dollars, from Ebay billionaire, Jeff Skoll. This ensures that Africans can be less fearful of the accessibility and affordability to medicines or drugs in their continent.

3.5 Locavore- United Kingdom

Source: Locavore (2021)

Figure 3.5.1:
Locavore shop that sells fresh
food in UK



Source: Locavore (2022)

Figure 3.5.2:
Locavore teams



The Covid-19 outbreak was definitely a threat to everyone's financial state, globally. A glaring issue during that predicament is food. Being hit financially, and ordered to not be able to move much to slow the break of the pandemic, people either found it difficult to purchase due to financial restriction, or because of the movement restriction order implemented by the government. The dire situation persuaded the existence of Locavore, an enterprise that focuses on the appearance of food for those in need, especially the nostalgic Covid-19 timeframe.



Source: Locavore (2022)

Figure 3.5.3:
Box of healthy food by
Locavore

Locavore is an organization that at first, delivers boxes of healthy food such as vegetables and it runs zero-waste concept. The product is called “vegboxes” and it is supplied to approximately 1800 customers in Glasgow. This put 100 people as employers and that was the case throughout the pandemic.



Source: Locavore (2022)

Figure 3.5.4: Locavore website

They also provide emergency food for people in need. This social enterprise aims to create a food system that is sustainable and friendly to the environment, local economy and communities. It is a matter of having a good food networking system. From there, Locavore has opened a shop, a market garden, as well as a scheme for their product. This helps calm people’s queries on the sustainability of the food source, sustainability, supply chains and so on. Apart from the wide selection of healthy food options, it is safe to say that Locavore has more than food to offer on their plates.



Activity 3

Name:

Class:

Date:

Social Enterprise:

Country:

Find 1 example of social entrepreneurship businesses in Global and explain. (Other example from this manual)

Types of communities

Business feature

Impact to the communities



CHAPTER 4

“Be greedy for social change, and your life will be endlessly enriched. The only failure lies in not trying, or in giving up.”

- **Ann Cotton -Founder of Camfed**

How to Start Social Enterprise

Topic learning objective:

**At the end of the chapter, students
will be able to:**

- **Explain steps to start a Social
Enterprise**

Chapter Four

4.0 Steps to Start SE



4.1 Figure Out Problems

Social entrepreneurship aims to solve social problems, regardless of the entity it holds. The definitions are not limited to their appearance or the concept or type of entity they hold. It can appear anywhere and in any form or format. In chapters 2 and 3, readers have been exposed with several types of organizations that carry out social entrepreneurship with their respective concepts and they differ based on the place, type of entity, objectives and ways of helping the community. As long as it has an impact on the community and profits the business of social enterprise, it indicates that the business is successful.

In this chapter, we will observe the steps to start a business based on social entrepreneurship. The first step that an entrepreneur should take to open a business based on social entrepreneurship is to **figure out the problem faced by community**. Problems are the main reason why social enterprise was introduced in the first place, in order to give an impact from the business to the community. To figure out the problem, it can be scrutinized by looking at and assessing of the community needs to improve their lives. For example problems in term of unemployment, limited food, unaffordable energy and other critical services.



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



Source: United Nation (2015)

Figure 4.1.1: 17 Goals to Transform Our World

To identify the problem, social entrepreneurs can get inspired by looking at the 17 Sustainable Development Goals (SDGs) of 2030 by the United Nations General Assembly (SDGs). The Sustainable Development Goals (SDGs) were developed at the United Nations Sustainable Development Conference, held in Rio de Janeiro, Brazil, 2012. The goal is to achieve a set of global goals, related to the environmental, political and economic challenges faced by society. The 17 sustainable development goals (SDGs) to transform our world are:

- Goal 1: No Poverty
- Goal 2: Zero Hunger
- Goal 3: Good Health and Well-being
- Goal 4: Quality Education
- Goal 5: Gender Equality
- Goal 6: Clean Water and Sanitation
- Goal 7: Affordable and Clean Energy
- Goal 8: Decent Work and Economic Growth
- Goal 9: Industry, Innovation and Infrastructure
- Goal 10: Reduced Inequality
- Goal 11: Sustainable Cities and Communities
- Goal 12: Responsible Consumption and Production
- Goal 13: Climate Action
- Goal 14: Life Below Water
- Goal 15: Life on Land
- Goal 16: Peace and Justice Strong Institutions
- Goal 17: Partnerships to achieve the Goal

4.2 Search For Selected Community

The second step after choosing the problem that needs to be solved is to **choose the community to be aided**. It can be implemented by identifying the target area of the community. Often social entrepreneurs will identify communities that are close-by and close to their heart. Whichever one that creates a sense of empathy in the view of the entrepreneurs. To select an existing community, several things should be taken into consideration such as assessing the distance of the area between the community and the social entrepreneur, the readiness of the entrepreneur and the community, the needs of the community and many more.



Photography by Billy Simon

Source: Vulcanpost.Com (2019), captured by Billy Simon

Figure 4.2.1: Orang Asli mothers, with Jason and Xin (The Asli.Co co founders) showing their handmade products

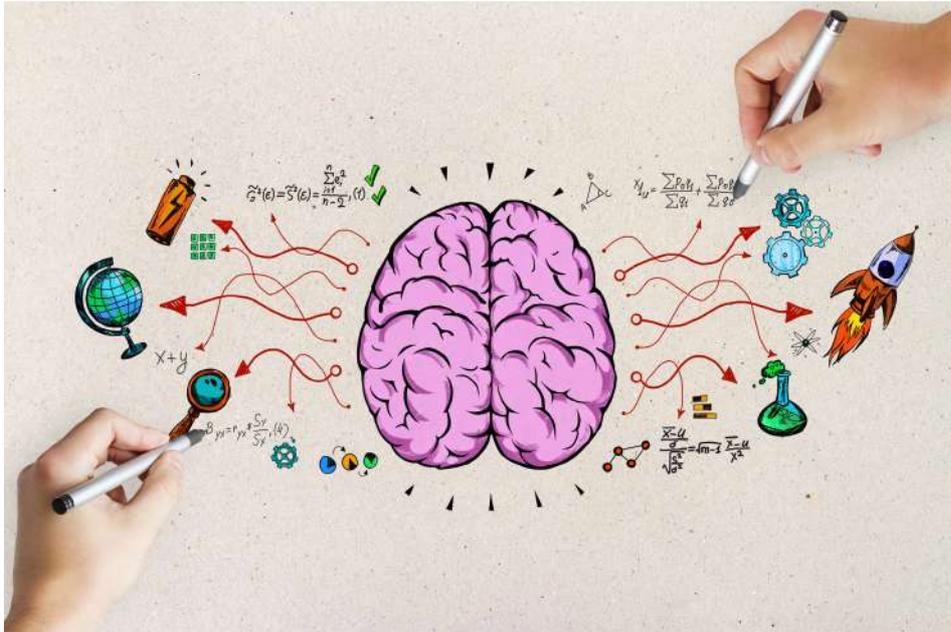
For example, social entrepreneurs from The ASLI.co, Xin and Jason takes 50 minutes to drive from their office to Kampung Orang Asli Serendah Selangor whenever they want to meet the community. Therefore, for a start it is recommended to choose a community that is close between the social entrepreneur and also the community chosen close in the soul of the entrepreneur.



Source: The Asli.Co (2021)

Figure 4.2.2: Orang Asli mothers, showing their handmade sanitizers

4.3 Brainstorm

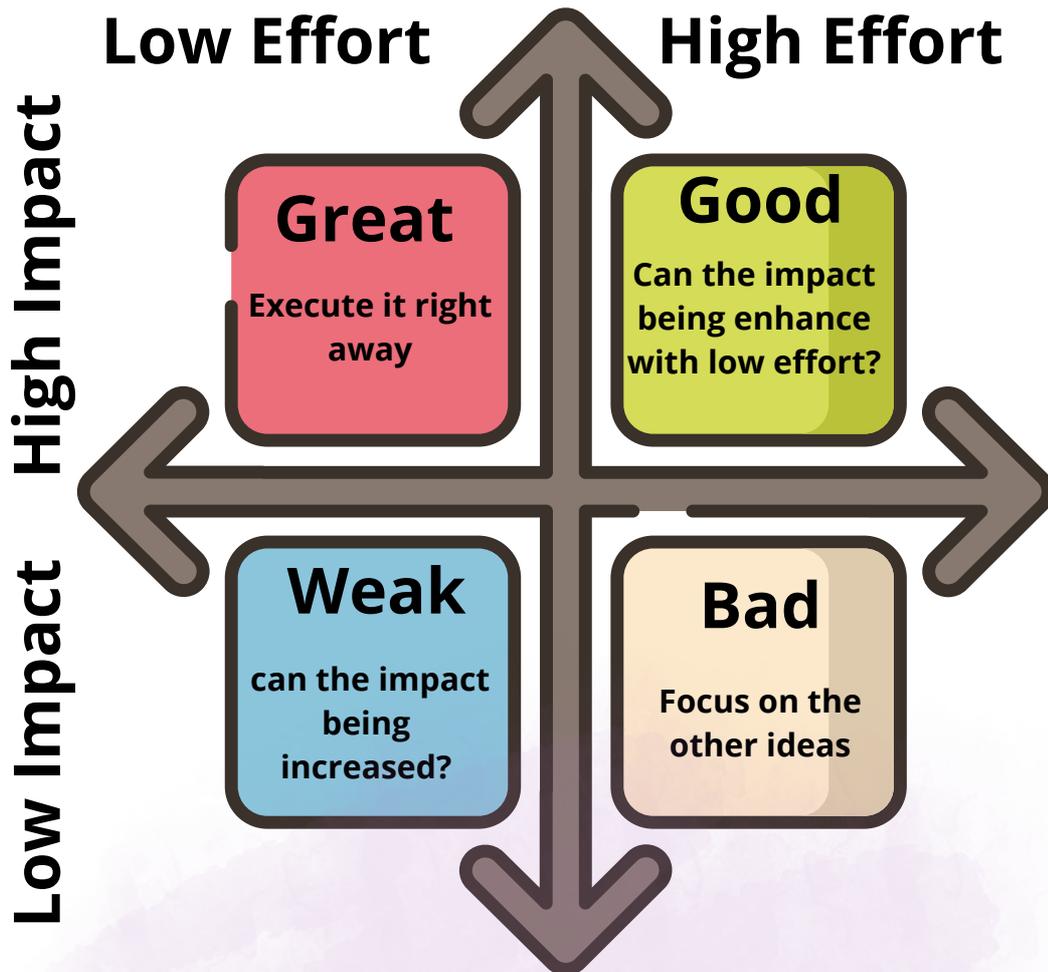


Next, is to **brainstorm a list of solutions**. This is the third step, where the social entrepreneur will create a list of workable solutions to solve the problems of the selected community. This third step can be implemented by looking at the problem that has been selected in the first stage. The list of selected solutions should be made in a brainstorm manner in which the social entrepreneur or group sits down to think about the problem and spontaneously contribute a solution to the problem. The brainstorming method can be as simple as making a list or as detailed as making a mind map. Brainstorming combines a relaxed and informal approach to problem solving with lateral thinking. It encourages social entrepreneurs to generate thoughts and ideas that at first may seem somewhat illogical and difficult to implement. Some of these ideas can be designed to be original and creative solutions to problems, while others can trigger more ideas.

Brainstorming is one of the most effective and appropriate ways to get ideas for problem-solving. It allows social entrepreneurs to think openly, encourages collaboration to always be open and and to be able to move on to the next step. It can also build new ideas quickly without assessing the capabilities and limitations of an idea. The principles that should be applied during the brainstorming process are quantity over quality, without criticism, welcome silly ideas, combine, refine and improve the idea. In short, brainstorming is able to help social entrepreneurs to unlock their creativity and great techniques for a group in creating solutions to solve the problems. It is also able to bring social enterprise to a new level and bring positive impacts to the society.



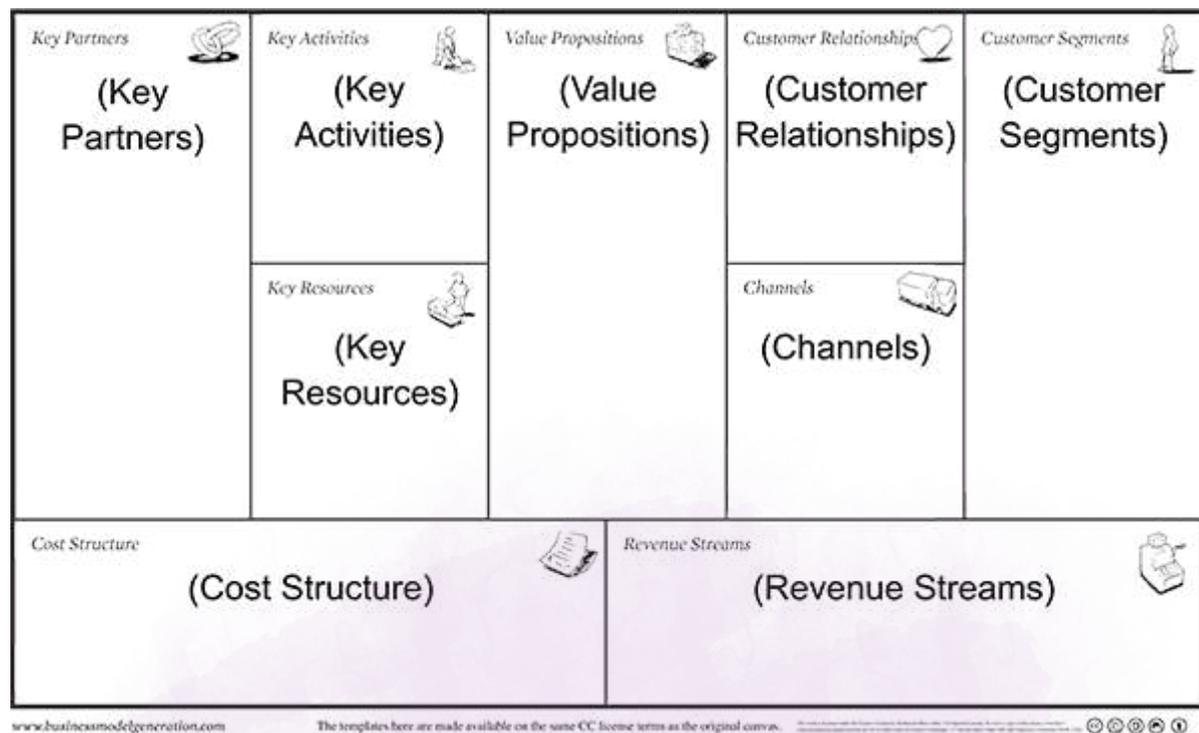
4.4 Select Solutions



Selecting a possible solution is the fourth step to starting a social entrepreneurship. Where social entrepreneurs begin to choose appropriate solutions to solve the problems. The solution chosen was the result of a brainstorming process conducted with the group at the third stage. At this point, the social entrepreneur and his group will choose a solution that is logical and appropriate to carry out and work on. There should be some criteria that must be evaluated before choosing a solution. Part of it are looking at the impact of the solution, the risk of the idea, the cost to implement the idea, the value of the idea, the level of difficulty and many more. Suggestions that can simplify the process of choosing a solution is to use the PICK Matrix. The PICK matrix is a highly effective Lean Six Sigma (LSS) tool developed by Lockheed Martin and used to categorize process improvement ideas. The acronym PICK comes from the label for each quadrant of the grid.

Using the matrix above, social entrepreneur will separate the most valuable ideas based on four possibilities. High impact and low effort. These ideas are excellent. Extremely valuable and should execute them right away since it requires low effort to have a high impact. Next, high impact and high effort. Definitely worth investigating. Social entrepreneur also need to ask themselves either they are able or not to reach the same impact with less effort? Then, low impact and low effort. Not very suitable. Social entrepreneurs are looking for high impact ideas so this idea can be adjusted again to get a higher impact. lastly, low impact and high effort. This is the lowest priority since the idea is to focus on the other problems and this idea can be eliminated.

4.5 Business Model Canvas



Source: BusinessModelGeneration.Com (2020)

Figure 4.5.1: Business Model Canvas (BMC) Template

Next step is, social entrepreneurs can start **filling in Business Model Canvas template** or in short, BMC. It is a one page template that has been compiled with some important elements that describe how a business is going to be run. Among the elements in this template are Value propositions, Customer relationships, Customer segments, Channels, Revenue streams, Key Activities, Key Resources, Key Partners and Cost structure.

BMC is also used to convince investors on how a social enterprise can compete with competitors and give a positive impact to the investors and the community. The value of a business and the picture of planning in running a planned business also can be shown through this template. BMC is suitable for discussions, meetings, workshops and so on. BMC confirms whether the business is able or not to remain in the market and to explain to the shareholder about the business idea to get relevant support.

Apart from that, BMC is also important to the social entrepreneurs themselves because it gives the social entrepreneurs an idea of the ways to manage a business and get the desired impact. Apart from the entrepreneurs themselves, among those interested in BMC are funders, venture capitalist, Impact funders, Banks, Business partner and Employees.

4.6 Registration

After completing the preparation of BMC, social entrepreneurs would begin to see the ways and steps to start a business. The next step is to **register the business entity and make it legal**. This registration is not only to meet the legal requirements in a business but it is one of the ways to grow a business with a new entity created. This is due to the many advantages that a company will get if it is already registered. Among them is the facility of financing from government agencies or the confidence from investors to invest their finances in this social business. Moreover, the Malaysian government strongly supports its people to venture into businesses, including social entrepreneurship. With the availability of these financial resources as well, social enterprises can use the available resources to run a business as well as the business can be further developed to a higher level.



In Malaysia, it has not yet been determined in which registry or agency to register under in order to distinguish a corporate business from social entrepreneurship-based business. Therefore, the conditions and processes of company registration for social entrepreneurship are the same as for other entrepreneurship. However, there are two types of business registration that can be implemented namely; sole proprietorship (one owner) and partnership (2 to 20 owners). Despite the inconvenience, SE is still able to obtain accreditation as a social enterprise by registering an enterprise at the Malaysian Global Innovation and Creativity Center (MaGIC). It is a way to gain recognition as a social business and can be known by the agency to obtain assistance from relevant agencies.

Requirements to register this business are, the owner or partner must be a Malaysian citizen or permanent resident of Malaysia aged 18 years and above. If the applicant is using his own name as per MYKAD as the business name, so the applicant need to complete form A (Registration of a new business together with his identity card). The registration fee is RM30.00 with RM 10.00 for business info fee. This is for the case of sole proprietorship only. While if the applicant is using a trade name as the business, the applicant needs to submit an application for approval of the business name (form PNA.42). Applicant also needs to complete form A for the new registration business plus RM 60.00 for registration fee and RM10.00 business info fee. For the registration, the documents that need to be attached are, a verified copy of MYKAD and a letter of approval from Government Agency (based on case and if applicable). The registration can be done at SSM counter or through online via ezBiz online service at ezbiz.ssm.com.my. This is the company registration process through SSM.

Meanwhile in Sarawak and Sabah, the two states have different company registration systems based on their own ordinance. For company registration in Sarawak, the applicant can directly go through Lembaga Hasil Dalam Negara (LHDN) instead of the traditional Suruhanjaya Syarikat Malaysia (SSM). The downside is there is no online process like the SSM. Business in Sarawak is not governed by the Registration of Business Act (ROBA) 1956. It is governed by the Ordinances provided by Business Name Ordinance (Law of Sarawak Chapter 64) and Business, Professionals and Trading Licensing Ordinance (Laws of Sarawak Chapter 33).



Sarawak Business Registration can be completed in 3-week time. Some of the steps required to register a business in Sarawak are by choosing a business name and the nature of the business, find a secure location to set up business, search business name and register the business through LHDN. For registering at LHDN the applicant have to prepare at least 3 names for business and its nature. While the documents required for LHDN are:

- 1) Tenancy Agreement of Sales and Purchase Agreement
- 2) Lease of Land
- 3) Print-Out of Title



While in search of the business name, applicants need to check first the chosen business name before registration. In addition, the applicants need to go to the LHDN office in Kuching Sarawak. Go to the business name search counter and get a Business Name Search slip. Fill up the slip with the three name choices of the business and other information needed. The officer of LHDN will let applicants know which name is available. The checklist of documents required to be attached to an A3-sized form also will be given before the registration starts. The nature of the business will determine the extra documents required as further documents or approval letters might be required. The documents can be:

- 1) Trade license application form (Form IRD No.8)
- 2) Business Names Ordinance form (Form R20)
- 3) Form TL from statistic department

If there is no Tenancy Agreement stamped then the applicants have to get it stamped at the Stamp Duty counter before submission. Applicant also have to create a business stamp with a complete commercial address. (some micro businesses will use the service of incubator from registered agency by using the address to register a company such as Sarawak Economic Development Corporation). To complete a business registration in Sarawak, 10 days is required and creating a business will take between a few hours to few days.

After the applicants have completed the previous steps, all the forms and necessary documents need to be submitted at the PNP counter of LHDN. Keep the payment receipt for future process. After 2 weeks, applicants will need to collect the trade license. To collect the business license, applicants have to take the payment receipt back to LHDN office. Go to the counter where all the forms were submitted and collect the business certificate. After that, the business has been legally registered.

4.7 Funding and managing SE

Like other businesses, SE also needs **financial funds to ensure that business operations can run and be able to give an impact to the community over th time.** Once the business registration is successfully implemented, social entrepreneurs should start taking steps to manage the business as best as possible according to the plan in the previous Business Model Canvas (BMC). Especially in terms of financial management, marketing and operations for the social enterprise.

Funds to financing the SE should be identified and SE entrepreneurs need to start looking for strategies on how to obtain financial resources to start the social enterprise. There are many ways that SE entrepreneurs can obtain financial funds. Among them are getting help from government agencies, loans from conventional and Islamic banks, business angels, venture capitalist and so on. This topic of funding will be discussed in more depth in topic 5 later on.



In managing social enterprise, the SE entrepreneurs need to ensure that the operational aspects of the company run smoothly depending on the type of the business operations carried out whether it is manufacturing, services, agriculture, trade or construction. Apart from that, SE entrepreneurs also need to get training or additional knowledge in developing the company's competencies in relation to daily operations. This training or course can be obtained from government agencies that offer training and it depends on the type of business of the SE entrepreneur itself. Among the government agencies that provide training are MARA, PUNB, TEGAS, Department of Agriculture, Department of Welfare, SEDC and so on. Then, SE entrepreneurs also need to ensure that components in the company's operations are well-managed such as human capital, resources of raw materials/suppliers and also the selected community.

Activity 4

Date _____

Name _____

List 7 steps to start Social Enterprise

Explain functions of Business Model Canvas (BMC)

CHAPTER 5

The dream is to find individuals who take financial resources and convert them into changing the world in the most positive ways.”- **Jacqueline Navogratz-Founder of Acumen**

Funding and Financial

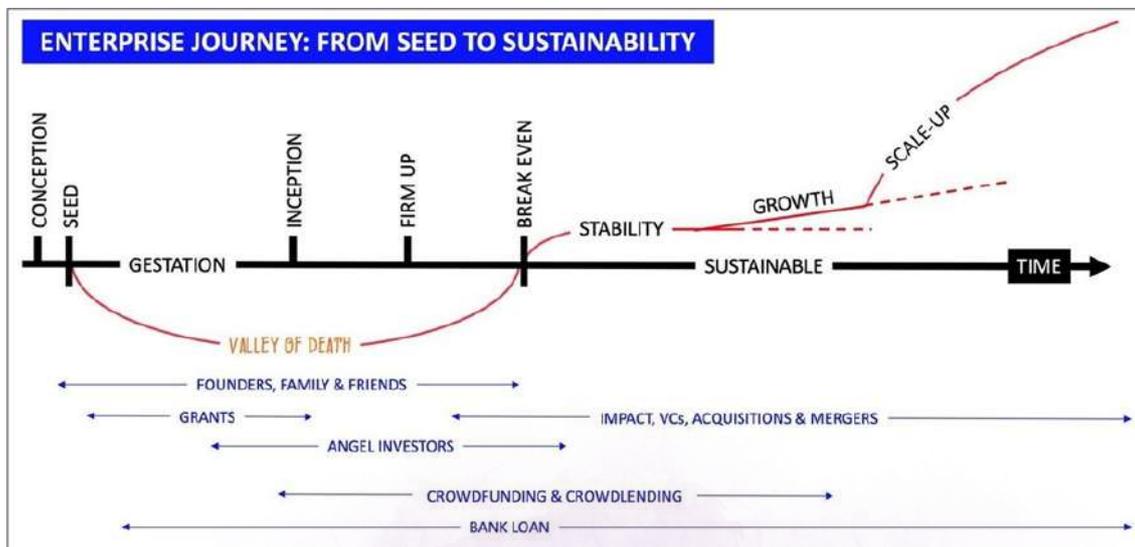
Topic learning objective:

**At the end of the chapter, students
will be able to:**

- **Identify financial support
for Social Entrepreneurship**

Chapter five

5.0 Funding & Financial



Source: Malaysian Global Innovation & Creativity Centre (2022)

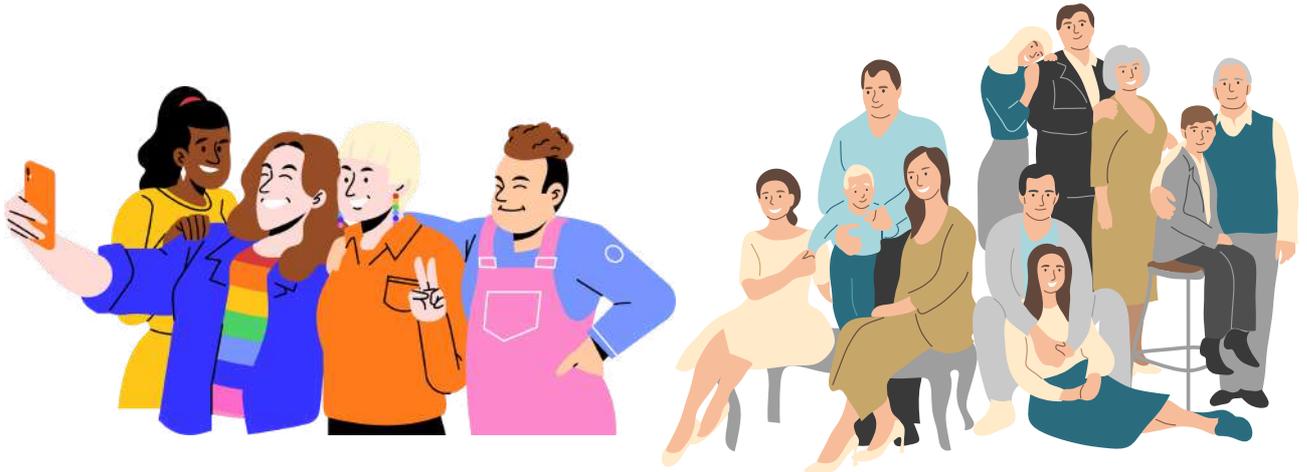
Figure 5.1.1: Proposed financial funding for start up SE

Financial funding for social enterprises is one of the important elements in ensuring that the business can run smoothly. In addition to ensuring that these ventures can have an impact on the community, social entrepreneurs should also ensure that financial management is managed as well as possible. It is to ensure the viability of a business and further expand the business over time. There are many levels of financial management and it starts from the first step which is to find alternatives to get financing to start-up the companies. Below are the common types of financing for social enterprises :

1. Own funding or from family and friends
2. Crowdfunding & Crowdlending
3. Business Angel / Angel Investors
4. Venture Capitalist/Impact Investors
5. Government Grants
6. Bank Loans

The type of funding options depends on what stage of the life-cycle of the social enterprise is in. If the SE is at the early stage and seeding stage, the appropriate funding options are entrepreneur own funding or family and friends and Business Angel. Funding from Venture Capitalist/Impact Investors is available for SEs at the next stages all the way to scaling and growth stages. The quantum of funding for early stages can start anywhere from RM2,000.00 to RM 10,000.00 and it is depends on the SE Business Model Canvas itself.

5.1 Own funding / from family and friends



When a social entrepreneur wants to start a business, funding from close people such as friends and family is the first option to raise some capital to start a business. This is normally at an early stage, the business is still unstable and does not yet have a track record of business performance that can be used as evidence to obtain financing from agencies. Often, government or private agencies will ask for a track record for the businesses to guarantee and attract their trust to provide loan assistance and financing the business. For example, the financial record of a business for the past 6 months.

Therefore, financial funding from their own friends and family is the first choice at an early stage in carrying out this venture. SE entrepreneurs can take a small amount of money from their own personal, few family members or close friends, to raise a more significant total amount. Friends and family will be willing to become investors and put a certain amount of money into the business at no interest. As a reward or alternative, social entrepreneurs can enter into friend and family investment agreements that promise returns to them such as rewards as a result of an investment or shareholder portion in the company.

There are many advantages to getting financial funding from friends and family in starting a business. Part of it is done less formally than bank business loans. It does not require too many forms or documents to be completed and it does not require high fee management. Funding from these friends and family allows the entrepreneur to maintain full control over the business, and it also can be exciting when a social effort and venture starts a new project with loved ones along the way.

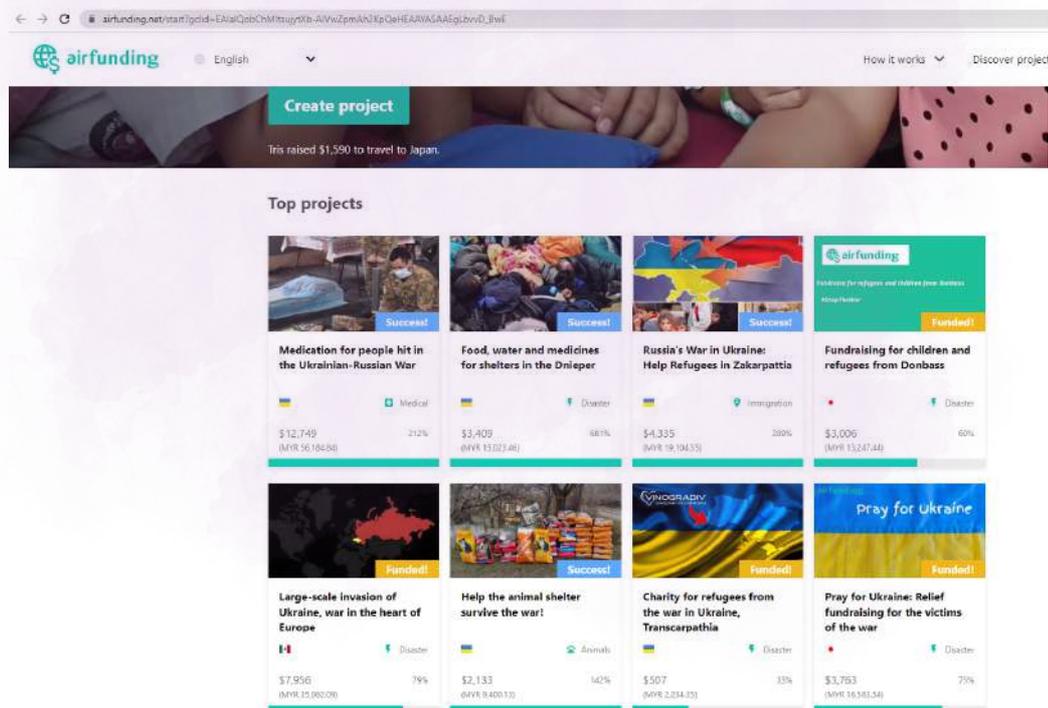
However, this financing also has its drawbacks and risks. In this case, the close bond between entrepreneurs and friends / family members also can add to the stress if the venture does not succeed quickly. In the worst case, if the business being run fails, the social enterprise not only risks the personal funding but also potentially incurs the loss of large sums of money from many of the closest people and the pressure on personal relationships and damages one's quality as well.

5.2 Crowdfunding & Crowdlending

5.2.1 Crowdfunding

Crowdfunding for a business is a type of financial funding where the business can obtain capital from a group of people for the purpose of financing a business or project. Sometimes the term crowdfunding refers to the funding of donations, equity and rewards. For this topic, crowdfunding for social enterprise will be described in the form of donation-based funding. This is because donation financing is a popular type of crowdfunding financing especially in social entrepreneurship.

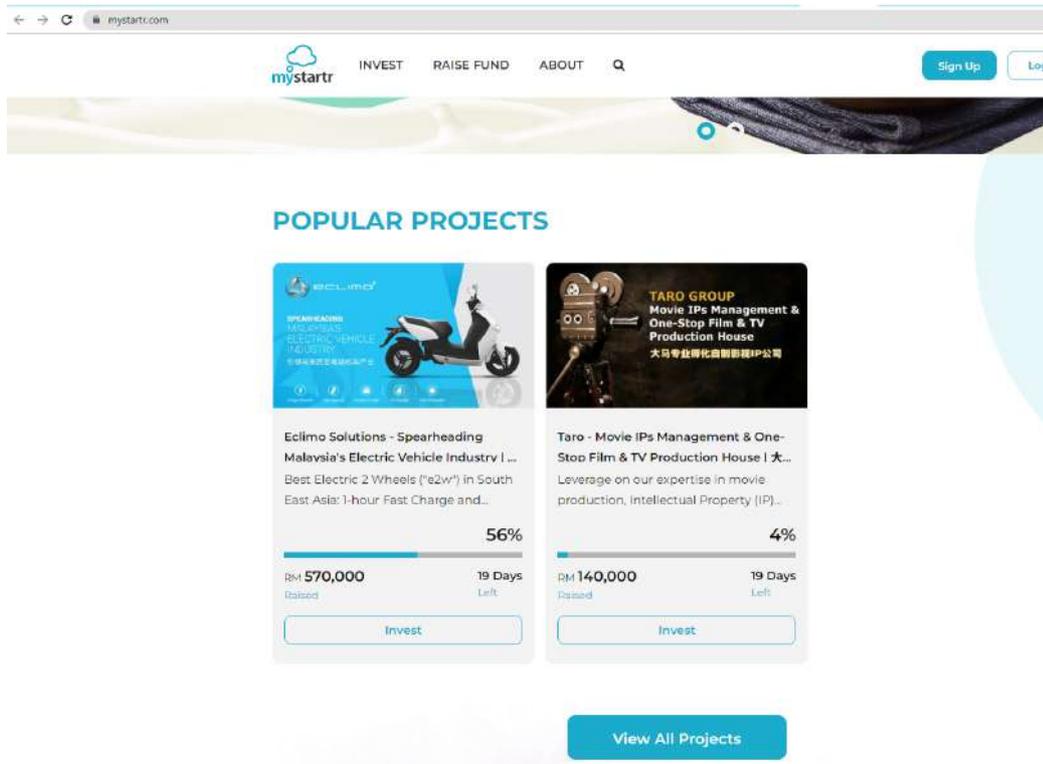
Crowdfunding can be started by posting the idea of the project to be carried out into the crowdfunding platform thoroughly and creatively. While users of the platform will see and judge the broadcast either in the form of writing, video or various other ways that can attract their interest to contribute a certain amount of money into the project. Often people will contribute in small amounts of money and it may take a long time to raise the required amount of money. Example of crowdfunding platform in Malaysia are PitchIN, MyStatr, Ethis Malaysia, AirFunding, iPivot (previously known as CrowdPlus) Funding Societies and many more.



Source: Airfunding.Com (2022)

Figure 5.2.1: Airfunding website (crowdfunding platform)





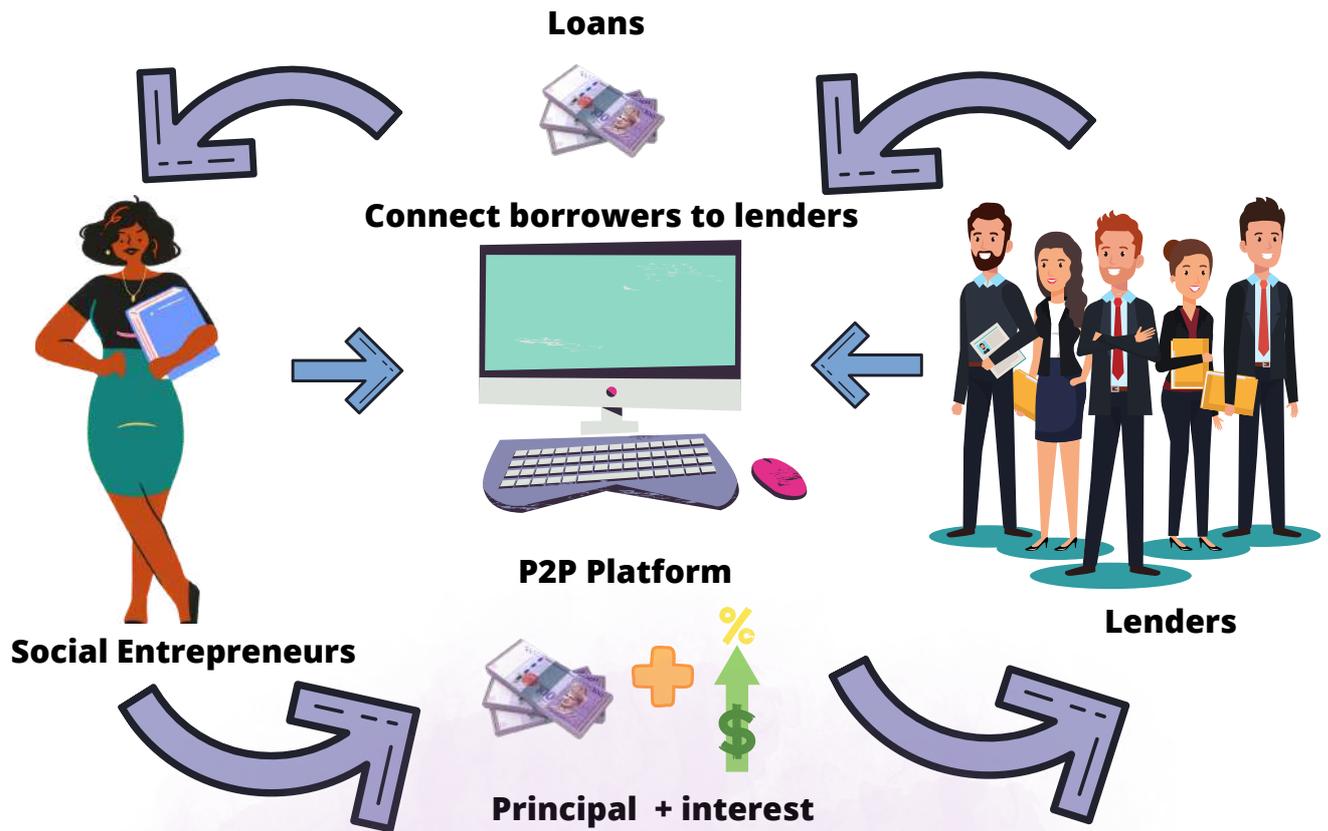
Source: Mystartr.Com (2022)

Figure 5.2.1: Mystartr website (crowdfunding platform)

Here, the importance of the creativity of social entrepreneurs in preparing broadcast materials is to attract contributors to participate in the success of this social entrepreneurship program. Business ideas should stand out and bring value to the community to get the attention of investors. Most crowdfunding platforms have their own rules for prohibiting certain rewards or raising funds for prohibited and illegal activities.

The benefits of crowdfunding for start-up entrepreneurs are very obvious, as such financial resources are indeed for running a business project. But what about the contributors or investors of the project? Sometimes, startups and individuals whose ideas are successful will issue rewards to their best crowdfunding investors. On the other hand, donation-based crowdfunding does not bring any guaranteed return on investment. It is on the sincerity of the contributors in helping to help the community and make the project success.

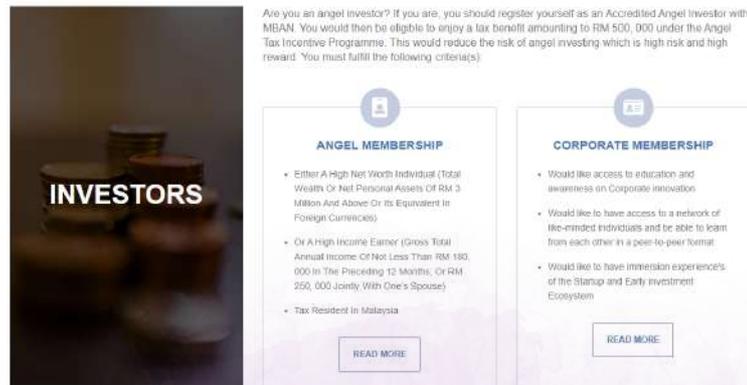




5.2.2 Crowdlending

Crowdlending is financial funds with the same concept as crowdfunding, which is a business obtaining funds through a group of people who want to participate in the success of the project. The difference between crowdlending and crowdfunding is that, lenders raise funds through supporting of an investors with an obligation to repay back within a period of time. While crowdfunding does not necessarily require repayment of money that has been given by the contributor. Crowdlending is a loan obtained directly from an individual bypassing financial institution. Instead of applying for a loan from a bank, Peer-to-Peer (P2P) loans allow businesses to obtain loans directly from lenders through online platforms in the form of crowdfunding. Each P2P lending platform may offer various types of financing products that businesses can choose from according to their needs. The advantages of raising funds through crowdlending are lower interest, high accessibility and flexibility. Examples of P2P platforms that have been registered and approved by the Malaysia Security Commission are Funding Societies, B2B Finpal, Fundaztic, QuickKash and many more.

5.3 Business Angel / Angel Investors



Are you an angel investor? If you are, you should register yourself as an Accredited Angel Investor with MBAN. You would then be eligible to enjoy a tax benefit amounting to RM 500, 000 under the Angel Tax Incentive Programme. This would reduce the risk of angel investing which is high risk and high reward. You must fulfill the following criteria(s):

ANGEL MEMBERSHIP	CORPORATE MEMBERSHIP
<ul style="list-style-type: none">• Either A High Net Worth Individual (Total Wealth Or Net Personal Assets Of RM 3 Million And Above Or Its Equivalent In Foreign Currencies)• Or A High Income Earner (Gross Total Annual Income Of Not Less Than RM 180, 000 In The Preceding 12 Months, Or RM 250, 000 Jointly With One's Spouse)• Tax Resident In Malaysia	<ul style="list-style-type: none">• Would like access to education and awareness in Corporate innovation• Would like to have access to a network of like-minded individuals and be able to learn from each other in a peer-to-peer format• Would like to have immersion experience's of the Startup and Early Investment Ecosystem

Source: Malaysian Business Angel Network (2022)

Figure 5.3.1: MBAN website

Business angel is always known as a high value private investor or an individual who provides financial support to businesses especially to start-up a business. Normally, business angel is an individual who wants to invest at the beginning of the venture. This type of investment is risky and usually does not represent more than 10% of the business angel portfolio. Often business angels can be found among family and friends of entrepreneurs. Funds provided by business angels are usually only once and they are given as a business start-up to support the development of a business.

Most business angels have surplus funds available and seek diversification in their investments portfolio. That is one of the ways on how to reduce the possibilities of losses in the field of investment. Angel investors focus on helping startups in taking their first steps, rather than the profits they might make from the business. A business angel, usually works alone and is the first investor in the business. However, business angels can register on the Malaysian Business Angel Network website to obtain accreditation and information on projects that require funds as well as advantages in reducing income tax payments.

Social entrepreneurs can get additional information about business angels through the site on the Malaysian Business Angel Network website and strive to approach them. Angel investors typically take between 20 and 50 percent stake in the companies they help. Sometimes the exact amount is determined strictly through negotiation. However, often angel investors use company valuations as a measure for how much ownership they should take.

There are examples of angel investors/business angels, also known as return on investment angels. They are very concerned to get a good return on their investment like corporate angel, high tech angel, entrepreneurship angel, core angel, professional angel and micro management angel



5.4 Venture Capitalists/Impact Investors



A venture capitalist is a person or company that provides capital in a business venture or support small companies for a startup and expansion. This capitalist believes that the small companies are going to have a long-term growth potential. Normally, this small companies do not have access to equities markets since they are just at the beginning of the venture. So this venture capitalist / impact investors funds are suitable enough to be used at the beginning of the project. Venture capital is typically allocated to small companies that have grown quickly and appear poised to continue to expand. The majority of venture capital comes from professionally managed firms, well-off investors, investment banks, and any other financial institutions who are seeking positive impact and returns from the venture. However, the venture capital is not necessary in monetary form. It can also be provided in the form of technical or managerial expertise.

Venture capitalists are willing to invest in such companies because they can earn an impressive return on their investments if these companies turn out to be successful. Venture capitalists look for a strong management team, a large potential market and a unique product or service with a strong competitive advantage. One difference between a venture capitalist and investor is that a venture capitalist forms a limited partnership. By doing so, the limited partners are the investors in a venture capital fund instead of outside investors. Venture capitalists obtain funds to invest and channel into business projects / social enterprise through collected funds from numbers of the other investors. Therefore, these venture capitalists are often intermediate institutions between investors and entrepreneurs.

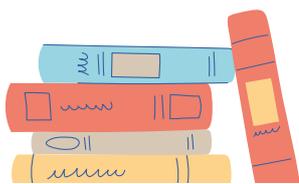
Investors in venture capital funds are typically very large institutions such as pension funds, financial firms, insurance companies, and university endowments. All of which put a small percentage of their total funds into high-risk investments. They typically carry a higher rate of interest than bank term loans and rank behind the bank for payment of interest and repayment of capital. Venture capital investments are often accompanied by additional financing at the point of investment.

As at end-December 2020, the market counted 106 registered venture capital firms and management corporations. Normally, venture capitalist will be part of the owners of a company with the objective to see the company grow. The venture capitalist will do anything to help a start-up succeed. Example of venture capital firms in Malaysia are Nexea.Co, Cradle Fund, MAVCAP, TH Capital, Kejora Capital, Xeraya Capital, Kumpulan Modal Perdana and many more.

5.5 Differences Between Angel Investors and Venture Capitalists.

Type of funds	Angel Investors	Venture Capital
Sources of money	Invests in small enterprises with their own money.	A person or a company that invests in small businesses with money from investment firms, huge organizations and pension funds
Enterprises Preferred stage	Willing to invest in enterprises that are still in the early stages of development.	Prefers investing in well-established enterprises
Expected return	Expects 20% to 25% return on their investment.	Expects 25% to 35% return on their investment.
Position requirement	Serves as mentors to their proteges. They could give social entrepreneurs advice on how to operate their business.	Demands to form a Board of Directors and grant them a seat on it. They are often not interested in serving as mentors.

Table 5.0 Differences Between Angel Investors and Venture Capitalists.



5.5 Government Grants



Government grants are financial assistance provided by the government whether from the federal government, state government or local government authorities. Often, these grants are channeled by selected government agencies such as MARA, Department of Agriculture, PUNB, SEDC and many more. There are also several grants created based on the current economic situation to help in improving the economy of entrepreneurs as well as the national economy. For examples, MARA Business Payment Rescheduling, Indian Community Entrepreneur Development Scheme (SPUMI) and Women Entrepreneur Incentive were created to help entrepreneurs who are affected by the pandemic of covid-19.

This funding does not need to be reimbursed to the government and its objective is to assist entrepreneurs in further expanding their business. However, there are also some grants that will not be fully funded by the government. For example, the government only finances 50% of the cost to buy the machine needed by the authorities while another 50% of entrepreneurs have to provide their own amount of money to buy the machine. Government grants are also not necessarily in the form of money. there are also grants in the form of purchases of the business necessities such as the purchase of machines and sales packaging items.

To apply for this government grant, expertise in the preparation of business proposal papers is required. It is to convince the government that the project / business can be grown and impact the entrepreneurs, the community and the country itself. Government grants have no hidden costs or fees, they are outright gifts and not loans. Due to the money are from the taxes paid by the people and the company, the grant recipient must provide some documents or usage reports to ensure that the money is spent properly.

Upon receiving of the financial check, the recipient must submit a detailed accounting report relating to the use of the money. If funds are received in stages, this report must be continued during the grant period. Any achievements or failures must also be reported and submitted to the sponsoring agency by a set date. Government grants are the best funding that social entrepreneurs should take advantage of in the success of the planned project / business. Since it does not require high financial costs to repay the amount of money that has been used.



5.6 Bank Loans



Bank loan is financial funding through borrowing some amount of money from a bank. That sum amount of money borrowed is for the business to cover operating costs and capital expenditure. Bank loans have an interest rates either fixed or floating rate. Depending on the agreement of both the bank and the enterprise. Apart from that, the cost of loan management and collateral is also included in the financial loan and it depends on the contract itself.

Most bank loans will require the provision of collateral such as property or equipment to secure the loan and reduce the risk to the bank. To apply for a loan from a bank, often the bank will request a financial statement from the company to prove the ability of the business in the case of repaying back the loan. Banking institutions is the main source of financing for enterprise including social enterprise. The bank provides more than 90% of total financing. Besides that, the enterprise / social enterprise financing is also complemented by the Development Financial Institutions, Bank Negara Malaysia's Funds and Government Funds. Over the years, there have been various initiatives implemented to enhance enterprise in Malaysia. For examples, financing and guarantee scheme, debt resolution and management and development and financial infrastructure.

In Malaysia, there are various types of loan packages for start-up entrepreneurs. Among them, Maybank offers New Entrepreneur Fund 2 (NEF2) to their customers. NEF2 aims to expand productivity capacity and/or working capital. The financing also has requirements that must be met such as cannot be used to purchase company shares, purchase of land or real estate. Interest rates range from 4.0% to 6.0% depending on risk factors.

Meanwhile, Bank Islam has various products offered to their customers too such as iTEKAD Micro Financing. The iTEKAD Microfinance Program is a social finance program that specifically aims to support and facilitate financing for B40 micro-entrepreneurs and asnaf who have lost income due to the COVID-19 outbreak. Then, they also offer Startup Financing Program. The purpose of the financing is for Capital Expenditure (CAPEX) purposes only and cannot be used for the purpose of refinancing existing facilities.

Activity 5

List 4 examples of Crowdlending platform approved by Malaysia Securities Commission

Differentiate between Angel Investors & Venture Capital

Angel Investors

Venture Capital

List types of financing for Social Enterprise

CONCLUSION

"The value of humanity is power for Social Entrepreneurship"
-Norazimah Mejri-Betijau Group

Conclusion

Conclusion

The existence of social activities in helping to develop the needy are a noble act. It must be implemented and become a culture in all sections of society. Whether at the school level, institutions of higher learning, the public sector as well as the private sector. The presence of social entrepreneurship (SE) businesses nowadays is a positive thing. It combines the objectives of profit-based entrepreneurship with the desire to increase concern for the community and the weak or troubled. The success of several SE-concept startups is increasingly being talked about. In fact, the Malaysian government has begun to take several alternatives to introduce social entrepreneurship to the community. Among them is to create social entrepreneurship subjects in IPT stages and provide financial grant assistance to any entrepreneur who wants to run a social business.

The critical difference between social entrepreneurship (SE) business and traditional entrepreneurship can be seen in terms of the organization's core mission and its impact on the targeted market. The concept of SE is different from other types of entrepreneurship models because it has the main objective in giving a positive impact to the community that wants to be helped compared to traditional entrepreneurship which makes profit as the main objective. Over the past few years, Malaysia has witnessed unexpected progress in the field of SE and attracted the attention of various sectors to assist in achieving the mission of the government and social entrepreneurs.

This social entrepreneurship should be implemented from the educational level, especially at the IPT level. Graduates must have good and thoughtful ideas in developing these social entrepreneurial activities. However, there are still not many social entrepreneurship activities implemented in institutions that are able to attract students towards social entrepreneurship. In IPT, students are still exposed to the business for financial gain only, which is traditional entrepreneurship. The Ministry of Higher Education (MOHE) has begun to take steps to intensify social entrepreneurship activities by providing a fund of RM650,000 allocated to train 600 students in public universities, polytechnics and community colleges in the field through the National Entrepreneurship Program 2020/2021 University To Community .

This programs are able to give a big impact to raise the entrepreneurial agenda in IPT as well as become a career field for entrepreneurs students. This opportunity needs to be seized by students to build success through social entrepreneurship. In conclusion, social entrepreneurship not only has a positive impact on society and the country but it can also be a career field for entrepreneurs students in the business world. It is hoped that one day, Malaysia will be able to produce many great social entrepreneurs as great as world SE figures such as Muhammad Yunus who created entrepreneurship financing policies and helped 8.4 million borrowers from the underprivileged in Bangladesh through Grameen Bank founded by him.

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“We rise by lifting
others.”

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Robert G. Ingersoll

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ANSWERS

Activity 1

Name: _____

Date: _____

Explain Social Entrepreneurship



Social entrepreneurship is an approach by individuals, groups or entrepreneurs by recognizing social problems and implement solutions to solve them in better ways by employing entrepreneurial principles, processes and operations. These ideas are brought with the goal of helping and strengthening the society. One of the example of social entrepreneurship is microfinance institutions.

Explain Corporate Entrepreneurship

Entrepreneurship refers to the concept of developing and managing a business enterprise along with any of its uncertainties in order to gain profit in the corporate world.



Explain Corporate Social Responsibility

Corporate social responsibility (CSR) refers to strategies that companies put into action as part of corporate governance that are designed to ensure the company's operations are ethical and beneficial for society.





Activity 2

Name:

Class:

Date:

Social Enterprise: **Komuniti Tukang Jahit**

State: **Selangor Malaysia**

Find 1 example of social entrepreneurship businesses in Malaysia and explain. (Other example from this manual)

Komuniti Tukang Jahit provides upskill sewing training and job opportunities to home-makers, giving the communities opportunity to secure a stable income while being fully committed to the household responsibilities. KTJ providing communities with the right tools and machineries plus providing training to them with the necessary skills to prepare products and orders.
(<https://ktjmalaysia.com>)

Types of communities

B40 Women of Malaysia. Single women

Single mothers, the OKU group, and

stay-at-home mothers.

Business feature

Sewing orders and all within the comfort

of communities own home. Accept

and customized Corporate Gifts.

Impact to the communities

The communities have an opportunity to secure a stable income while being fully committed to the house-hold responsibilities. The community is fully supported with the right skill-set & the job opportunities that are sourced from the public. They are also being trained from time to time on the field of sewing and fashion





Activity 3

Name:

Class:

Date:

Social Enterprise: **TOMS**

Country: **Los Angeles, California**

Find 1 example of social entrepreneurship businesses in Global and explain. (Other example from this manual)

A retail company with a mission of social entrepreneurship. Which is for every purchased pair of shoes another pair would be donated to children in need in 60 countries all over the world. TOMS also got into the coffee business, directly trading with the farmers that grow their beans and giving a week of clean water to the communities that need it most for every bag sold.

(toms.com)

Types of communities

Beans farmers, need children from

60 countries all over the world

Business feature

Retail company by selling shoes. TOM

also involved in coffee business.

Impact to the communities

Children received financial and educational assistance from the funds provided by TOMS. It is the result of shoe sales by TOMS . Apart from that, bean farmers are also able to increase their income by selling their bean to TOMS and received clean water for every bas sold.



Activity 4

Date _____

Name _____

List 7 steps to start Social Enterprise

1) Figure out problem

2) Search for selected community

3) Brainstorm list of solution

4) Select possibility solution

5) Start SE Business Model Canvas

6) Legalize & Registration

7) Funding & Managing SE

Explain functions of Business
Model Canvas (BMC)

BMC provides the investors the knowledge about the competitive edge of the

company and provides better insight into working of the company. BMC also

provides a high-level, comprehensive view of the various strategic required to

successfully bring a product to market.

Activity 5

List 4 examples of Crowdlending platform approved by Malaysia Securities Commission

1) Funding Societies

2) B2B Finpal

3) Fundaztic

4) QuicKash

Differentiate between Angel Investors & Venture Capital

Angel Investors

Willing to invest in enterprises that are still in the early stage of development.

Venture Capital

Prefer to invest in well-established enterprises

List types of financing for Social Enterprise

1 Own funding or from family and friends

4 Venture Capitalist/Impact Investors

2 Crowdfunding & Crowdlending

5 Government Grants

3 Business Angel / Angel Investors

6 Bank Loans



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