MCYS does study on social enterprise

AFTER providing seed money for them to grow, the main venture capitalist behind social enterprises here now wants to find out what makes them tick.

The Ministry of Community Development, Youth and Sports (MCYS) has commissioned the Lien Foundation Centre for Social Innovation to carry out a study to examine how non-profit organisations (NPOs) such as charities can run successful profit-making arms.

The charities then would have more money to carry out their activities, beyond relying on donations.

"If charities are able to provide good quality services and extend them beyond their beneficiaries into a business with a social purpose, this can help provide another source of revenue," said the director of the Centre, Associate Professor Tan Wee Liang.

Since it was set up in 2003 by MCYS, the Social Enterprise Fund has approved more than $5.9 million for 57 proposals.

An example of a social enterprise would be the Barista Express, a small cafe at Clifford Centre, set up by recovering Institute of Mental Health patients.

A slew of restaurants, craft shops and thrift shops, are among other charity-run businesses that have sprung up in the past few years.

Part-therapy, part-employment, such social enterprises provide charities an opportunity to introduce management practices without jeopardising their non-profit operations.

"When non-profits operate social enterprises on business principles, they will learn to operate like business enterprises," said Prof Tan.

"It may result from the introduction of professional management practices and managers," he added.

Other benefits include a better understanding of corporate governance, accountability and transparency.

The centre’s study aims to find out whether certain charity sectors are more suitable for starting up and sustaining social enterprises.

The study is also looking at the conditions where small and medium enterprises (SMEs) will start a social enterprise — either on their own or partner a charity.

Eventually, it aims to make recommendations to NPOs and policy-makers on the resources needed to make social enterprises grow.

Apart from over 600 surveys sent out to various voluntary welfare organisations and cooperatives, the Centre has also approached the Association of Small and Medium Enterprises to help reach out to over 5,000 SMEs for their responses.

The study is expected to be completed in April.

— LEONG WEE KEAT