

# **Social Entrepreneurship Practice in Malaysia - The Case of Social NGO**

## **Dr. Fakhrul Anwar Zainol**

Faculty of Business Management and Accountancy, Universiti Sultan Zainal Abidin (UniSZA)  
Gong Badak Campus, 21300 Kuala Terengganu, Terengganu, Malaysia.  
Email: fakhgulanwar@unisza.edu.my

## **Dr. Wan Norhayate Wan Daud**

Associate Professor, Faculty of Business Management and Accountancy, Universiti Sultan Zainal Abidin(UniSZA)  
Gong Badak Campus, 21300 Kuala Terengganu, Terengganu, Malaysia.  
Email: wnhayate@unisza.edu.my

## **Dr. Zulhamri Abdullah**

Associate Professor, Faculty of Modern Language and Communication, Universiti Putra Malaysia (UPM)  
43400 UPM Serdang, Selangor, Malaysia  
Email: zulhamri@upm.edu.my

## **Dr. Mohd Rafi Yaacob**

Associate Professor, Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan (UMK), 16100 Kota Bharu, Kelantan, Malaysia  
Email: rafi@umk.edu.my

DOI: 10.6007/IJARBSS/v4-i12/1335 URL: <http://dx.doi.org/10.6007/IJARBSS/v4-i12/1335>

### **Abstract**

This study scrutinises innovation, proactiveness and risk taking as indicators of effectiveness of a social NGO within the context of urban poverty, using Global Outreach as a case. This study begins with the introduction of brief background of organisation. Later, innovation, proactiveness and risk taking which are the gists of the content of the paper are discussed at length. As far as this case study is concerned, Global Outreach is effective enough. Capitasing on amended model of Grameen's model to suit needs and wants of urban poors, Global Outreach implies innovation, this is achieved because of proactiveness of staff. At the same time the ability of the organisation to deal with risk taking is verified. Organisational effectiveness of Global Outreach is well demonstrated when it able address urban poverty - almost 70 per cent of women borrowers are above the poverty line.

Keywords: Social entrepreneurship, urban poverty, organizational effectiveness, Social NGO.

## INTRODUCTION

Over the last two decades the concepts of entrepreneurship have been expanded to understanding of a new way of thinking and behaving rather than a business per se. While for many, it is easier to adapt this concept in the business context (**Gibb, 2010**), the idea of entrepreneurship model is also adopted and has been proven successful in non-business organisations including Non Governmental Organisations (NGOs). After all, if ones look up further, the ultimate goal of the establishment of businesses and other non-business organisations including NGOs is to serve the communities, albeit the clear different is business is rewarded with financial profit,

Dr. Sofea Kareem, the founder and the the current president of Global Outreach Malaysia. She was an Entrepreneurship Consultant with United Nation's Development Program (UNDP) who had worked closely with the women of the war-torn zone in her country of origin since 2003. She utilizes the "Grameen Micro-Credit Financing" Model by Professor Muhammad Yunus to help the local war widows in her country.

Although Global Outreach Malaysia was introduced earlier, it was formally formed in 2008 and registered with the Registrar of Societies (ROS) in May 2009 as a non-profit non-governmental organization. Up until early 2014, during the visit by the authors, the organization had 39 registered committee members. Consisting of five main committee members, five committee members and a few project leaders. The organization also hired 3 part time paid staff for administrative activities and technical work in the organization was voluntarily done by the committee members. Global Outreach has made a strategic partnership with 3 other NGOs in Sri Lanka and Nepal.

Global Outreach Malaysia functions on the platform to transform, enhance, cultivate and harness the elements imperative to championing the self-sustainability pursuit in disadvantaged WINs in Malaysia and many other unfortunate war victims internationally. They envision a world where disadvantaged communities are empowered to meet their basic human needs and to live in dignity. The organization supports the committee members to imply a mission of reaching out to transform, enhance, cultivate and harness the lives of disadvantaged communities not just in Malaysia but global unfortunate woman as well.

The main service of Global Outreach Malaysia are, helping single mothers in Malaysia, United Nations High Commissioner for Refugees' (UNHCR) refugees in Malaysia and the internally displaced people in the founder's country into their potential and transform themselves through entrepreneurial proactiveness, risk-taking and innovation. Their primary objective to create self-sustainable communities amongst disadvantaged women is done through micro credit financing. It is within this framework of vision that Global Outreach has adopted the famous Grameen Micro-Credit Financing (GBS) Model by Professor Muhammad Yunus, in transforming communities.

The organization also gives service that is related to entrepreneurship business setup. Recently they provide 12 module on Entrepreneurship Management Course by training the participant in 10 days. The module was based on a modified and localized Gender and Entrepreneurship Manual by International Labour Organization for Rural Women done by ILO.

**BRIEF DESCRIPTION OF THE PHYSICAL CHARACTERISTICS AND ENVIRONMENT OF THE SOCIAL ENTREPRENEURSHIP ORGANIZATION**

This social entrepreneurship organization rent a small space approximately 300 square feet in a consultancy firm Selangor, Malaysia. The office is only for the staff, members and partner organizations, and all meetings with staff, members and partner organizations are held there. Global Outreach does not meet its beneficiaries in the office. There is one desktop, one fax machine and one telephone. The printer, internet and water cooler is used by Global Outreach but is the asset of the consultancy firm. The consultancy firm belongs to the President of the Global Outreach.

**BRIEF DESCRIPTION OF THE SOCIAL ENTREPRENEURSHIP ORGANIZATION’S SOURCES OF INCOME**

In the early development of Global Outreach Malaysia they received their funding from UNHCR and many other organizations. Their funding is in accordance to what type of program there are conducting. Recently there are applying funding from KHAZANAH. They also have many individual donors for their projects. Table 1 shows sources of income of Global Outreach Malaysia.

Table 1  
Brief income of URBAN Outreach Malaysia

Source of Income	From annual income(%)
Government aids	10.3
Individual Contribution	89.7

**DESCRIPTION OF SOCIAL ENTREPRENEURSHIP ORGANIZATION’S EXPENSES**

The expense for Global Outreach Malaysia depends on the individual project. Basically the fund requested is 25 percent or 19.5 percent more than what is needed for the project (Table 2). This amount is crucial to assist the operating budget for the organization’s project.

**Table 2**  
Distribution of Percentage of Operating Budget used for Different Project

<b>Type of Expense</b>	<b>Percentage of Usage (% Per Funding)</b>
Sri Lanka Project Operating Budget	
- Project Management Fee	12
- Subsidized	13
- Total	25
Malaysia Project Operating Budget	19.35

Global Outreach Malaysia has many projects internationally and locally. It is fair that the operating budget in Sri Lanka need 25 % because they need 12 % to pay the 3 local Sri Lankan NGO to supervise their project. Although Global Outreach Malaysia has the 13 % of the budget subsidized, the committee still have to support their own ticket to go there. As they are volunteers, they feel it's their obligation to do so. The committees feel it is not right to use the 'people's money' for their own benefit.

The operating budget for Global Outreach Malaysia in is shown in Table 3:

**Table 3**  
Global Outreach Malaysia detailed operating expense from July 2013 to June 2014

<b>Type of Expense</b>	<b>Typical Month (%)</b>
Operating Budget (see list below)	
- Office management (finance & administrative staff salaries)	
- Executive salary	
- Loan collection runners wages	
- Office rental	
- Stationeries	20
- Branding/Advertisement	
- Website maintenance	
- Entertainment	
- Travelling	
- Training	
Service Programs (Expenses for various projects, both	80

local & overseas)	
-------------------	--

The organization seems to be operating well by doing this because the operating budget is used diligently throughout each project. Apart from the operating expense, other income that are channelled to Global Outreach Malaysia project throughout their selected beneficiaries as Saving and Credit loans.

### **IDENTIFICATION OF RELEVANT INDICATORS/DESCRIPTORS OF THE SOCIAL ENTREPRENEURSHIP ORGANIZATION**

This organization can be considered as effective based on the descriptors below:

- **Innovation:** Global Outreach has become a pioneer in microcredit financing in Malaysia through the alteration of the famous Grameen Model into Saving and Credit policy. The design of Global Outreach Model (GOM) has made it as an innovative social entrepreneurship organization as it gives a greater impact to eradicate poverty among its targeted beneficiaries.
- **Proactiveness:** The President of Global Outreach Dr. Sofea Kareem, can be considered as a very passionate leader who believe that every mission is achievable once sufficient effort is put into it. Triggered by her motivation, all the three part-time staff appointed in the organization also becomes passionate to achieve the organization's mission. They complete their task to the fullest although they only obtain a meagre \$25 per hour pay check.
- **Risk taking:** The organization believe by making each project as the individual team's project is effective method for their organization. They take risk by doing so but this will evoke a sense of belonging among the committee members towards the project. They will the project is theirs and will put their heart out to make the project a success.

### **Classification of the Social Entrepreneurship Organization**

The effectiveness level of this social entrepreneurship organization can be considered high. Some of the criteria that determine the organization's effectiveness are:

- **Innovation in achieving mission:** Most of the programs conducted by Global Outreach involve microcredits and business setup as well as coaching for women who are in need. Currently, this social organization is the only social organization that provides microcredit financing and entrepreneurial coaching in Malaysia.
- **Proactiveness in achieving mission:** Dr Sofea Kareem had instilled the value of nothing is impossible towards her committee members. She made them believe in positive attitudes towards any circumstances that comes in their way in order to achieve the aimed goals
- **Risk taking in achieving mission:** GOM model has made this organization almost risks proof from obtaining its targeted mission. Based on the success rate, only 10 percent of the participants did not complete the module along with the coaching. The rest would agree to the term and successfully completed the module.
- **Innovation in being efficient financially:** Their system effectiveness grew from taking UNHCR structure model. Global Outreach Malaysia replicate and localize the model and

has been improving their documentation and through the guide. In fact they have no problem being audited per quarter every year.

- Proactiveness in being efficient financially: Global Outreach Malaysia maintains to be an effective social entrepreneurship organization by constantly monitoring their expense. All of the costing is currently kept at minimal level and is recorded strictly following the UNCHR system. Thus turning them into a very effective social entrepreneurship organization in term of financial efficiency. In addition to that, they are recently progressing from Khazanah's funding requirements, which is very strict. They believe that by acquiring proper documentation and management skill, they will be able to attract any funder without any big of a complication.
- Risk taking in being efficient financially: Other organization is uncomfortable to ask fund for operating expenses, but Global Outreach Malaysia believe that in order for a organization to be effective, the amount for the operating expense must be considered. No unnecessary or exaggerated material is used for their operating budget. This is very important to ensure that the organization can run smoothly afterwards. They apply a tight financial expenditure system and very detailed about it so that they will not overspend the fund.

#### **IDENTIFICATION OF SOCIAL ENTREPRENEURSHIP MODEL IN OVERCOMING URBAN POVERTY THAT CURRENTLY BEING PRACTICED IN MALAYSIA**

For this organization, their main focus is to remove their targeted participant from the poverty line through independence in obtaining income. They are trying to do so solely by providing microcredits to their targeted beneficiaries. Earlier when Global Outreach was founded it focuses more on the participants from outside of Malaysia, utilizing the Grameen and GOM model. However after much request from the local authorities they implement the same model in Malaysia.

The 10 steps Global OUTREACH Model (GOM) is executed in 5 stages. It localized the infamous Grameen model to suits local requirements. The thoroughness in selecting the beneficiaries to be given the microcredit has proven to provide Global Outreach with very committed participants. These participants who have a high spirit to overcome poverty in their life will be guided by Global Outreach with full support until they can be independent by themselves. Thus, this has turn Global Outreach as an effective social organization in overcoming poverty.

#### **PROPOSITION OF A COMPREHENSIVE PLAN OF ACTION**

Global Outreach was exposed with the United Nations High Commissioner for Refugees (UNHCR) system since the beginning of its establishment. The President herself has brought back and altered the high standard documentation system to the organization. This has made it easier and effective for Global Outreach to ask for funding and dealing with auditors. Therefore ever since its establishment Global Outreach had been moulded by the effective management system replicated from UNHCR system.

Apart from the already effective financial and documentation system, it can be concluded that by utilizing Grameen and the localized GOM model, Global Outreach has less problem to achieve its mission. The proactiveness of the empowered members of Global Outreach to help the beneficiaries also reflect how this social organization has operated to its fullest to fulfil what has been targeted.

With such reference, models and burning passion from each of the members of this social organization, Malaysia can expect to lower down the number of unfortunate single mothers, windows or women with incapacitated husband who live below the poverty line. These women who are groomed by Global Outreach to stay independent and become a successful entrepreneur will later help their families to live a better life. Therefore, such output has put Global Outreach as a very effective social entrepreneurship in overcoming urban poverty.

## **CONCLUSION**

The study examined of how social entrepreneurship could help to address urban poverty through organizational effectiveness, using innovativeness, proactiveness and risk taking as indicators of such. Global Outreach is purposefully chosen as an organization in this study because it operates in urban environment where urban poverty often overlooked by the authorities. The outcomes of this study will be useful to social entrepreneur organization who wants to be effective to help those who live below the line of poverty to enhance their income and upgrade their entrepreneurship strategies.

## **REFERENCES**

Battilana, J., Leca, B. and Boxenbaum, E., (2009). How Actors Change Institutions: Towards a Theory of Institutional Entrepreneurship. *The Academy of Management Annals*, 3, (1), 65-107.

Freeman, J. and Engel, J.S., (2007). Models of Innovation: Start-ups and Mature Corporations. *California Management Review*; 50, (1), 94-119.

**Gibb, A., (2010), 'Towards the Entrepreneurial University', The National Council for Graduate Entrepreneurship (NCGE).**

Hall, J.K., Daneke, G.A., and Lenox, M.J., (2010). Sustainable Development and Entrepreneurship: Past Contributions ad Future Directions. *Journal of Business Venturing*. 25, 439-448.

Kanter, R.M., (2011). How great companies think differently. *Harvard Business Review* 89, (11), 66-78.

Sinfield, J. V., Calder, E., McConnell, B., & Colson, S. (2012). How to identify new business models. *MIT Sloan. Management Review*, 53 (2), 85-90.

Zook, C. & Allen, J. (2011), "The Great Repeatable Business Model", *Harvard Business Review*, 89, (9), p107-114.