Social Enterprises: The Perception Gap

Introduction and Research Questions

Literature Review

Methodology

Study Findings

Policy Recommendations and Implications
Introduction and Research Questions

- Existing studies on the willingness to pay are **problematic**.
- Lack of **academic research**.
- Argument of a **perception gap** in Singapore.
Introduction and Research Questions

How do retail consumers in Singapore understand the social enterprise?

What is the premium – in dollar terms – that retail consumers in Singapore are willing to pay for goods and services from social enterprises?

What are the levels of interest and involvement in social enterprises in Singapore?
Literature Review

- Notoriously difficult to define the social enterprise.
- Fears over the abuse of the “social enterprise” label.
- For-profit and non-profit forms.
A hybrid spectrum of organisations (Alter, 2003). Organisations to the left of the spectrum have **a mission motive** and are accountable to stakeholders (through reinvestments in social programmes, for instance), whereas organisations to the right have **a profit-making motive** and are accountable to shareholders.
“Social enterprises are being seen by government as bridging the gap between the public and private sector in terms of service delivery to vulnerable groups” (Martin and Thompson, 2010, 27).

Social enterprises are not regulated in Singapore. They register with the Accounting and Corporate Regulatory Authority.

There are four broad models of social enterprises in Singapore: work integration, plough-back-profit, subsidised services, as well as social needs.
Methodology

- 290 respondents (258 online, 32 hard copies).
- Publicity through online platforms.
- 10 different sets of questionnaires, completed randomly.
A letter to the editor – edited from the online commentary “The Reality for Social Enterprises” – was published in The Sunday Times on September 28, 2014.

The number of respondents to the questionnaires across the five goods and services, as well as the distinction between social enterprises and regular businesses.
Study Findings

• #1: Understanding of the social enterprise? **Varied.**

• #2: Premium for social enterprises? **Non-existent, insignificant.**

• #3: Engagement? **High interest, low involvement.**
#1: Understanding of the Social Enterprise

“What is a social enterprise, in two sentences of less?”

- Sound understanding of social enterprises in Singapore.
- Just 23 respondents (7.93%) either lifted definitions from the Internet, or said they did not know.

- Economic objectives: 167 references to “company”, “business”, and “profits”.
- Social objectives: 118 references to “social”, “society”, and “community”.

- “Social impact”, “social cause”, and “sustainability”.
#1: Understanding of the Social Enterprise

“To what extent is this organisation a social enterprise?”

These are the **collated ratings** for Questions 2, 4, and 6, when respondents were asked “To what extent is [Organisation X, Y, or Z] a social enterprise”.

For GreenHorn Enterprise:
- To a very small extent: 5.17%
- To a small extent: 17.59%
- Neutral: 38.97%
- To a large extent: 33.10%
- To a very large extent: 5.17%

For GrabTaxi Singapore:
- To a very small extent: 24.14%
- To a small extent: 33.79%
- Neutral: 28.28%
- To a large extent: 9.31%
- To a very large extent: 4.14%

For NUS Co-op:
- To a very small extent: 4.83%
- To a small extent: 11.03%
- Neutral: 20.00%
- To a large extent: 41.72%
- To a very large extent: 22.41%
#1: Understanding of the Social Enterprise

“To what extent is this organisation a social enterprise?”

- GreenHorn Enterprise (3.90), NUS Co-op (3.66), and GrabTaxi Singapore (2.35).

- Descriptively, across the three organisations, respondents identified the beneficiaries targeted.

- Points of differentiation: whether the beneficiaries truly needed help, if the social enterprise was financially sustainable, and the equilibrium between the “social” and the “enterprise”.
#2: The Premium

“How much would you be willing to pay for this good or service?”

<table>
<thead>
<tr>
<th></th>
<th>Social Enterprise</th>
<th>Not a Social Enterprise</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>S.D.</td>
<td>Mean</td>
</tr>
<tr>
<td>Seafood Pasta</td>
<td>$13.50</td>
<td>$4.94</td>
<td>$14.09</td>
</tr>
<tr>
<td>Printed T-Shirt</td>
<td>$12.22</td>
<td>$5.95</td>
<td>$13.07</td>
</tr>
<tr>
<td>Cake (Whole)</td>
<td>$33.09</td>
<td>$6.30</td>
<td>$34.83</td>
</tr>
<tr>
<td>Tote Bag</td>
<td>$10.83</td>
<td>$5.43</td>
<td>$13.00</td>
</tr>
<tr>
<td>Ice-Cream (Tub)</td>
<td>$9.53</td>
<td>$2.91</td>
<td>$9.16</td>
</tr>
</tbody>
</table>

In response to Question 8 – “How much would you be willing to pay for this good or service” – of the survey, consumers expressed their willingness to pay for the goods and services.
#2: The Premium

“How much would you be willing to pay for this good or service?”

<table>
<thead>
<tr>
<th></th>
<th>Seafood Pasta</th>
<th>Printed T-Shirt</th>
<th>Cake (Whole)</th>
<th>Tote Bag</th>
<th>Pint of Ice-Cream</th>
</tr>
</thead>
<tbody>
<tr>
<td>t Stat</td>
<td>-0.554169755</td>
<td>-0.700428234</td>
<td>-0.841309169</td>
<td>-1.370559074</td>
<td>0.485755159</td>
</tr>
<tr>
<td>P(T&lt;=t) one-tail</td>
<td>0.290815222</td>
<td>0.243857134</td>
<td>0.202311701</td>
<td>0.087990696</td>
<td>0.314501443</td>
</tr>
<tr>
<td>t Critical one-tail</td>
<td>1.672028888</td>
<td>1.683851013</td>
<td>1.679427393</td>
<td>1.672522303</td>
<td>1.672028888</td>
</tr>
<tr>
<td>P(T&lt;=t) two-tail</td>
<td>0.581630443</td>
<td>0.487714269</td>
<td>0.404623403</td>
<td>0.175981392</td>
<td>0.629002885</td>
</tr>
<tr>
<td>t Critical two-tail</td>
<td>2.002465459</td>
<td>2.02107539</td>
<td>2.014103389</td>
<td>2.003240719</td>
<td>2.002465459</td>
</tr>
</tbody>
</table>

None of the p-values are significant at the five per cent level. There is insufficient evidence to reject the null hypothesis. The difference in the willingness to pay for goods and services from social enterprises and regular businesses is low to non-existent.
#2: The Premium

“How much would you be willing to pay for this good or service?”

<table>
<thead>
<tr>
<th>Rank</th>
<th>Area of Impact</th>
<th>Responses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Elderly</td>
<td>160</td>
<td>11.10%</td>
</tr>
<tr>
<td>2</td>
<td>Disability</td>
<td>152</td>
<td>10.54%</td>
</tr>
<tr>
<td>3</td>
<td>Children</td>
<td>146</td>
<td>10.12%</td>
</tr>
<tr>
<td>4</td>
<td>Community</td>
<td>131</td>
<td>9.08%</td>
</tr>
<tr>
<td>5</td>
<td>Financially disadvantaged</td>
<td>113</td>
<td>7.84%</td>
</tr>
<tr>
<td>6</td>
<td>Ex-offenders</td>
<td>112</td>
<td>7.77%</td>
</tr>
<tr>
<td>7</td>
<td>Health and mental health</td>
<td>103</td>
<td>7.14%</td>
</tr>
<tr>
<td>8</td>
<td>Youth development</td>
<td>97</td>
<td>6.73%</td>
</tr>
<tr>
<td>9</td>
<td>Migrant workers</td>
<td>88</td>
<td>6.10%</td>
</tr>
<tr>
<td>10</td>
<td>Families</td>
<td>82</td>
<td>5.69%</td>
</tr>
<tr>
<td>11</td>
<td>Developing countries</td>
<td>75</td>
<td>5.20%</td>
</tr>
<tr>
<td>12</td>
<td>Environment and conservation</td>
<td>64</td>
<td>4.44%</td>
</tr>
<tr>
<td>13</td>
<td>Women</td>
<td>60</td>
<td>4.16%</td>
</tr>
<tr>
<td>14</td>
<td>Animal welfare</td>
<td>47</td>
<td>3.26%</td>
</tr>
<tr>
<td>15</td>
<td>Others</td>
<td>12</td>
<td>0.83%</td>
</tr>
</tbody>
</table>

These are the **collated ratings** for Question 9, when respondents were asked “Of the following [fourteen] areas of impact, which five are you more inclined to support”.
#3: Interest and Involvement

“In your opinion, how important are social enterprises in Singapore?” Mean = 3.91.

The roles of the government, charities, and people in the country, the need to help the “not advantaged” or “under privileged”, as well as the creation of social good.

“How likely are you – in the future – to work in a social enterprise / start a social enterprise in Singapore?” Mean = 2.87.

• General scepticism of the landscape in Singapore.
• Work, career opportunities, remuneration, plans for the future.
Policy Recommendations and Implications

- Engage more Singaporeans across all sectors in conversation.
- Social enterprises need to get their fundamentals right.
- Leverage upon the non-profit sector in Singapore.
Limitations and Future Research

Quantitative survey and survey design.

- Self-selection bias.
- Sample size.
- Retail consumers.

Purchasing behaviour of consumers.

- Control for demographics.
- Areas of impact.

Aggregate and expand qualitative feedback.