

# Stanford SOCIAL INNOVATION<sup>Review</sup>

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*Leping Supplement*  
**Creating a Vibrant Social Innovation Ecosystem**  
By Swee Sum Lam & Ling Han

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Yvon Chouinard, founder of Patagonia, are enthusiasts of Zen Buddhism, the heart of which is *zazen* (sitting meditation), the most direct way to see into the mind. Historically, it has been an uncommon approach but is gaining traction in business situations around the world. Many large companies, even Google, have introduced “mindfulness” as a tool for the management of creativity and innovation.

One often-seen feature of Eastern schools of thought is the concept of the bird’s-eye view—taking in things in a comprehensive manner. In Eastern medicine, root causes of health problems can be identified in the bird’s-eye view, though they may remain unidentifiable or invisible to the Western approach. The Eastern approach strips off layers until the essence of the problem is visible. For example, this means that you can approach the essence of the problem by setting aside logic and rationality. This way, the risk of disregarding what is not yet understood, which can be a feature of the Western approach, is avoided. The whole entity is focused upon, including elements about which little or nothing is known.

There is, therefore, an aspect of this approach that coincides with art thinking, in the sense that one maintains one’s awareness of the invisible, or that which is not yet readily identifiable. Eventually, this ambiguity can secure the emergence of innovation and the sustainability of the company. Consequently, a vision can be crystallized whereby social issues can be tackled. This explains the adoption of Eastern philosophies or art thinking by many companies in recent years.

The dichotomy that often dominates Western thought can result in a categorization of the subject at hand into two aspects. This dichotomous approach does not lend itself to finding realistic approaches to innovation or to social problems. But given that a scientific approach is sometimes necessary in business, this mind-set has its value. A more Western approach favors separation of invention and innovation. Both business and innovation require nonscience, such as art thinking, and science, led by Western philosophy, as well as a bird’s-eye view (Eastern philosophy) that connects them. Corporate management needs to incorporate aspects of both Eastern and Western philosophies.

For a fully integrated approach to society and economics, analyses that rely purely on Western schools of thought fall short, so the development of management modes and styles informed by Eastern philosophies is needed. The program offered by the Johns Hopkins Carey Business School and Maryland Institute College of Art in a joint MBA/MA in design leadership is a step in the right direction. It shows how art thinking and design thinking can complement each other, and also how visions for the future can be set forth within an art context, while the design context creates a business platform for that vision. It specifically integrates the philosophy of the CEO with the business side of the equation. The curator brings meaning to these relationships, and consequently the nurturing of these curators will be increasingly important.

To manage the ambiguity, corporations need to set vision, enable free interpretation for stakeholders, and govern the ambiguity’s interpretation through communication with management. As a result, corporations are required to supplement the science of management with conceptual aspects like vision and philosophy.

The most appropriate corporate model is one of sustainable enterprise—specifically, one that incorporates Eastern philosophy. This sustainability will not only be good for individual companies but also enable the achievement of a sustainable society. ♦

# Creating a Vibrant Social Innovation Ecosystem

Nurturing current and future leaders and improving governance in Singapore is transforming the entire business community and their collective social responsibility.

BY SWEE SUM LAM & LING HAN

**G**rowing up in Singapore, CEO and cofounder of Manila-based BagoSphere Zhihan Lee loved solving problems through research. When he was an engineering science major at the National University of Singapore (NUS), however, the experiments conducted inside the walls of a lab didn’t grip him with the same excitement. He wanted to find solutions to the problem of unemployment, and specifically how to create the most direct and efficient pathway to employment for high school graduates.

BagoSphere prepares underprivileged youth in rural areas of the Philippines with the skills needed for jobs in high demand. The social enterprise offers a four-week vocational training program in English, as well as education to learn the relevant technical and soft skills required to transform these youths into employable workers in the service sector, especially at call centers. Lee’s entrepreneurial path illustrates how immersive experiences during his university years became instrumental in his founding of BagoSphere.

Universities in Singapore understand that cultivating a socially conscious business culture on a national level requires hands-on immersive experiences for young people. Exposure to the global startup culture helps motivate young Singaporeans to envision their contributions beyond the country. In Lee’s case, the National University of Singapore Overseas Colleges (NOC) program gave Lee the opportunity for extensive travel and learning experiences. During this time, he realized how doing business with a social consciousness could benefit communities in Singapore and beyond. Before launching BagoSphere, Lee led a youth expedition in Laos, took classes at Stockholm School of Entrepreneurship from NOC Stockholm, and participated in NOC India, working with a social enterprise in rural IT sourcing. All these overseas experiences provided by the universities helped to cultivate this young Singaporean’s socially conscious mind-set when starting his own business.

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## A NATIONAL OBJECTIVE

There are 470,000 businesses operating in Singapore, making it a leading entrepreneurial hub in Asia. In recent years, Singapore has ranked consistently in the top five countries worldwide in which to start a social enterprise, and the World Bank's 2018 report titled "Doing Business" ranked Singapore second among 190 economies in business regulation and the ease of establishing operations.

The country's increasing growth in the social enterprise sector is the result of strategic collaborations in the public-private-people (3P) sectors. Former president Tony Tan Keng Yam launched the President's Challenge Social Enterprise Award in 2012 to "inspire more individuals, particularly our youths, to develop business ventures that also serve social causes." As a result of the series of initiatives promoting social enterprises, more than 65 percent of respondents in the 2016 Public Perception of Social Enterprises Survey reported awareness of the social enterprise sector. Since 2010, results from the survey, conducted by Asia Centre for Social Entrepreneurship and Philanthropy (ACSEP), increased fivefold. The rising awareness has translated into more discerning buyers who value social mission and quality equally. And during the country's National Day in 2018, the holiday parade's theme song, "We Are Singapore," featured social entrepreneur Yinzhou Cai of Geylang Adventures. Yinzhou has spearheaded many social initiatives, from offering free haircuts for migrant workers to establishing a sustainable tourism model in the red-light district. Pictures of Yinzhou, dubbed a "Young Change Maker" with the message "I am a Social Entrepreneur. We are Singapore," were placed throughout university campuses and bus stops to promote awareness of the social enterprise sector.

In addition to the country's efforts to increase public awareness in social entrepreneurship, the Singapore government recognizes that

cross-sector partnerships are needed for an ecosystem that supports innovation and social impact, because "not all problems can be solved by merely business or [the] social sector," says Hsieh Fu Hua, the former president of the National Council of Social Service (NCSS).

There are three emergent trends promoting the social enterprise sector in Singapore and transforming the country's social architecture. First, intermediary organizations like the Singapore Centre for Social Enterprise (raiSE) are established to improve cross-sector coordination and raise public awareness about the evolving sector. Established in 2015, the government-related agency currently counts more than 400 social enterprises as member organizations, a 32 percent jump since 2016. raiSE aims to support social enterprises addressing a social or developmental need by providing resources like a BusinessForGood directory, a VentureForGood fund, and the event FestivalForGood, which is the largest gathering for social enterprises in Singapore. Between 2016 and 2017, FestivalForGood attendees increased fivefold, and the festival in 2018 hosted more than 8,000 attendees. Aside from awareness, the FestivalForGood offers corporations ways to make social enterprises part of their sustainability journey.

While public awareness has increased, the financial sustainability of social enterprises is still a challenge. ACSEP works with raiSE to assess how the depth of public awareness about social enterprises is linked to actual consumption.

Second, building and strengthening an ecosystem that supports a do-good business culture requires major participation from the public and private sectors, and several firms have stepped up to the task: Temasek Trust (a philanthropic arm of the Singapore sovereign wealth fund, Temasek Holdings), the Singapore Totalisator Board (Tote Board), DBS Foundation, SG Enable, SPRING Singapore (the Standards,

Productivity, and Innovation Board under the Ministry of Trade and Industry of Singapore), the Singapore International Foundation, and the Singapore National Co-operative Federation (SNCF) provide funding to build capacity and collaboration in the sector.

Besides quasi-governmental intermediaries, Singapore-based private investment networks, such as Asian Venture Philanthropy Network (AVPN), Impact Investment Exchange Asia (IIX), and Transformational Business Network Asia, stimulate growth in the sector by connecting social good businesses with global partners and investors. Accelerators and incubators like Base of the Pyramid (BoP) Hub, Singtel Future Makers, and Impact Hub Singapore offer learning platforms for cross-sector collaboration among business ventures, technologists, and manufacturers. In 2011, Ashoka Malaysia & Singapore opened its doors as a resource hub for young social innovators. The organization recently elected its first cohort of fellows looking to make systematic change throughout Asia. Besides mentorship, the organization will provide up-and-coming young social innovators with the cross-sectoral resources they need to survive beyond the first two to three years of their operations.

Third, Singapore is setting the bar high for other countries to follow when it comes to the role that government plays in promoting a “do good” business mentality and culture. For instance, the Singapore Exchange (SGX) made it mandatory for all listed companies to report their environmental, social, and governance practices starting in 2017. This mandatory sustainability reporting on a “comply or explain” basis could assert influence on companies to examine their code of corporate governance from the perspectives of sustainability and strategic development.

In addition to these initiatives, the National Volunteer and Philanthropy Centre (NVPC) is funding research to examine if and how state-led programs can create lasting impact in the sector. NVPC

partnered with the NUS Business School to establish the Company of Good Fellowship Program, which has more than 1,000 participating for-profit enterprises learning how to do good in more strategic, sustainable, and impactful ways.

#### UNIVERSITY AS INCUBATOR

The career paths that young people embark on are often dependent on the opportunities afforded to them in their communities. As a result, higher learning institutions act as important centers of societal influences and bear a lot of responsibility for how future generations tackle major social and economic challenges. Universities in Singapore have proved that they are aware of their moral responsibilities and global development.

At NUS, Poh Kam Wong, professor and senior director of NUS Entrepreneurship Centre (NEC), introduced a purpose-driven approach to business-model design that puts social impact and social cause as the primary goal. The module is offered to those inside and outside the NUS Overseas Colleges (NOC) program community. Singapore Management University (SMU) also redesigned their core undergraduate curriculum to enhance multidisciplinary learning through integrating internship and community service. First available during the 2018-2019 academic year, the new exploratory course will encourage students to experiment with classes outside their major or usual sphere of interest. To qualify for an internship with the NUS NOC program, students must complete certain course modules, from business fundamentals to research design processes. The program pairs students with a startup or a business for a yearlong internship.

“We want to build an ecosystem [to support social entrepreneurship], not just in NUS, but in Singapore, or in Asia itself,” says Jie Yi Lee, the executive of NEC who is responsible for building a roster of social enterprises for NEC’s community.

## Southeast Asian Social Innovation Network

BY CAROLYN MCMILLAN  
& MARK ANDERSON

**F**unded by the European Commission and coordinated by Glasgow Caledonian University, the Southeast Asian Social Innovation Network (SEASIN) project aims to develop a network of universities that will help support its goals of achieving sustainable and inclusive growth, social cohesion, and equity in Southeast Asia through intercultural, curricular, and extracurricular activities. Launched in 2016, the project currently partners with four Southeast Asian countries—Thailand, Myanmar, Cambodia, and Malaysia—and involves 15 partners, which include 11 universities and four social innovation partners in seven countries across Asia and Europe.

Collaborating with local universities is the first step to better understanding how higher education institutions may support

social impact in the communities surrounding them. With this knowledge, SEASIN established Social Innovation Support Units (SISU) at universities in Myanmar (Cooperative University, Thanlyin, and Yangon University of Economics), Thailand (Kasetsart University and Thammasat University), Cambodia (National University of Management and the Royal University of Phnom Penh), and Malaysia (Universiti Teknologi MARA and Sunway University).

Through these partnerships, SEASIN promotes and supports university-social enterprise cooperation, social entrepreneurship, and graduate employability with an emphasis on social innovation projects, incubation, and training. The units aim to achieve these goals through a range of learning and teaching tools, from the development of postgraduate programs to creating virtual spaces for sharing best social innovation practices and learning outcomes.

While the SISUs instituted by the eight Southeast Asian universities in SEASIN share an overall aim to support social innova-

tion, generate impact, and demonstrate the value of social innovation to policy makers, each university’s focus is dependent on and adapted to local priorities and reflects the characteristics of the universities themselves, their contexts, and current and potential user needs. For instance, the Universiti Teknologi MARA, Malaysia, spotlights impactful social innovation projects, while the National University of Management, Cambodia, provides space and resources, and Kasetsart University, Thailand, fosters research and impact measurement.

As more universities become aware and committed to their role in social innovation, increasing importance is placed on what the education system can and should do to break down barriers to social innovation and become powerful forces for impact. ♦

For more information on the project, visit [www.seasin-eu.org](http://www.seasin-eu.org).

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Singapore University of Social Sciences (SUSS), an autonomous university, incorporates applied learning at all levels and a curriculum highlighting social impact in the community. The polytechnic education, as an industry-oriented alternative to junior colleges, began offering cross-disciplinary programs to provide students with essential skills in business management, social sciences, and social innovation. Both the Republic Polytechnic and Ngee Ann Polytechnic in Singapore offer degrees in business and social enterprise.

ACSEP encourages future do-gooders by awarding scholarships and prizes to students who have a proven dedicated effort toward social impact. Leveraging the NUS Business School's offering of a Field Service Project, ACSEP allows students to get hands-on experience in a consultancy capacity. This kind of experience exposes business students to real-life challenges in new social ventures.

Higher learning institutions also serve as incubators to support every step of the entrepreneurship journey. For instance, NUS provides training and development, ideation challenges, and exposure to the startup community to unleash their students' potentials. NUS Enterprise Social Venture Lab provides incubator support for students' networks and partnerships. NUS Enterprise partnered with Singtel Innov8 and the Media Development Authority of Singapore to transform a light-manufacturing construction site into a startup hub called BLOCK71, which has locations in Singapore, San Francisco, Jakarta, and Suzhou. In order to expand the ecosystem globally and assist social ventures with scaling beyond Singapore, BLOCK71 maintains strategic partnerships with established corporations and government agencies.

After students graduate, universities remain committed to helping them to do good in the business world. Social ventures looking for funding support have resources at NUS Innovation and Entrepreneurship Practicum Grant and Lotus-NUS Fund. The NUS Social Venture Lab, an initiative started by NEC, provides incubator support for students' and faculty members' innovation-based social ventures. The advantage of being a social startup incubating with NUS Enterprise is that the social entrepreneurs will continue receiving support services, including access to incubation and accelerator facilities, expert mentoring, and community networking, to help the social venture take off even after graduation.

While Singapore's government and universities are committed to building a vibrant ecosystem for social entrepreneurship and social innovation in Singapore, more work can be done for the social good, and we suggest three issues for consideration. First, Singapore can retain more local talents if it increases its support for its entrepreneurs by providing them with a domestic market that allows them to scale at home and abroad so that the country can benefit from all the good our entrepreneurs are doing.

Second, educational institutions need a viable way to better balance the pressure of global rankings and their responsibilities of tackling major social challenges. Inundated with output pressures, universities can be slow in identifying the social needs of surrounding communities and delay taking an active role in the ecosystem for impact.

Third, Singapore can continue to be a leading force in social innovation only if it continuously analyzes and evaluates its strengths and weaknesses. In doing so, Singapore can accomplish great things with fellow ASEAN member states. For instance, cross-sector collaboration between Singapore and China could explore how the Belt and Road Initiative could encourage international trade, improve regional infrastructure, and be a boon to the employment sector. Being mindful of these priorities is essential for Singapore to further advance its role as a leading smart sustainable city in the world. ♦

# Social Investment Funds With a Conscience

Cross-sector ecosystems in Japan use impact investing to solve the country's greatest social challenges while generating financial returns.

BY NORIKO AKIYAMA (Translated by Ken Ito & Oliver Carrington)

When Kamakura Investment Management Co., Ltd., launched its flagship mutual fund Yui 2101, the asset management firm's president, Yasuyuki Kamata, was told by many people in the industry, "Social investment is such a naive idea, you cannot make any profit." Eight years later, Yui 2101, which leverages private capital to earn financial and social returns, boasts an asset under management (AUM) of 38.6 billion yen (\$340 million) from more than 19,000 investors as of the end of November 2018.

*Yui* means "connect" in Japanese. Yet behind this simple name is the founders' message of uniting all people who share the same vision of realizing a sustainable society. Kamata started the firm with three partners in 2008. Along with a financial return, Kamakura Investment Management funds seeks investment opportunities in both traditional companies that have a proven track record and social ventures that are typically ignored by investors. Kamakura also acts as an ecosystem by finding ways that companies it invests in can team up to solve Japan's social problems. For example, Tsumura, a leading pharmaceutical manufacturer of traditional Chinese medicine, invested about 300 million yen (\$2.7 million) in 2018 into My Farm, a social enterprise that uses abandoned farmlands to support local farmers.

Kamakura's fund manager at the time said that he had connected the two companies after identifying areas of opportunities for the two to collaborate: "Companies we invest in share common values and a desire to create something good for a better society." Along with his colleagues at Kamakura, the fund manager believed that collaboration between large corporations and venture businesses could mutually benefit both firms while also doing good for society. However, such partnerships often fall apart because of a mismatch in production volume required by the large corporation and the production capability of small venture firms.

From the outside, Tsumura and My Farm seem to have nothing in common. Tsumura is a listed pharmaceutical manufacturer that's been around since 1936, with equity capital of 30.1 billion yen (\$276 million) in 2018, while My Farm is an unlisted company that's been around since 2007, with equity capital of 170 million yen (\$1.6 million). Besides supporting local farmers, My Farm is a school that teaches organic, pesticide-free agriculture to encourage people to take up farming as a profession.

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