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OP ED: What it takes to sustain a social enterprise during a pandemic

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Article by Captain Faiz Kamaludin and Dr Jesrina Ann Xavier

Prolonged restrictions and movement control orders imposed by the Malaysian government has made it a challenge for social enterprises and businesses nationwide to be sustainable – which begs the

question, 'how can social enterprises sustain during a pandemic?'

According to a survey by the **Malaysian Global Innovation and Creativity Centre (MaGIC)**, the onset of the COVID-19 pandemic in March 2020 showed that 46% of **social enterprises** would not be able to sustain their operations for a period of ten to twelve months. Additionally, only 3% indicated they would be sustainable for more than a year.

This outlook might dampen the growth of the social entrepreneurship sector in Malaysia, which once witnessed an exponential increase from 2015 to 2018. In 2019, the British Council recorded an estimated 20,749 social enterprises in Malaysia – an encouraging growth that began during the enactment of the Malaysian Social Enterprise Blueprint in 2015, entailing a three-year roadmap to accelerate the development of the social entrepreneurship sector.

However, to avoid derailment of this initiative, it is crucial for social enterprises to take steps in comprehending how to sustain in these trying times.

What is social entrepreneurial sustainability?

Social entrepreneurship holds traits like social innovation, accountability, and sustainability, typically practised by taking advantage of opportunities through innovative solutions. In comparison to a commercial entrepreneur, a social entrepreneur will prioritise community value creation to achieve a societal mission.

Consequently, social institutions combine resources such as human, financial, and material in innovative ways to serve and satisfy unmet social gaps within the nation. However, social enterprises will not exhibit sustainability until it has demonstrated the ability to perform, operationally and is impactful, over a significant period. Hence, social entrepreneurial sustainability requires business endurance and perseverance in the ever-changing and unpredictable business climate.

“It is evident that during the COVID-19 pandemic, successful social enterprises can quickly pivot their operations by providing pioneering solutions in improving pressing social issues”

Sustaining social enterprises in unprecedented times

A recent research with five successful social enterprises, certified by MaGIC's social entrepreneurship accreditation programme, revealed five measures taken to help social organisations remain sustainable during the pandemic.

Shifted focus on commercial operations: With the growth of non-governmental organisations and companies conducting corporate social responsibility (CSR) work in Malaysia, the ecosystem has become very competitive to obtain funding. One social enterprise in the humanitarian sector momentarily changed its attention to their commercial operations by quickly developing an innovative product which provided a solution to the shortage of medical ventilators in hospitals treating COVID-19 patients.

Modified existing business model: The pandemic forced a company to make quick changes to their business model due to enforced lockdowns, which affected their chain of operating stores. This social enterprise pivoted its existing operations and provided food aid for the front liners and the needy. They were supported by corporations that believed in their credibility and have obtained a database of beneficiaries requiring the greatest needs. Organisations can immediately channel their contributions utilising the platform.

Introducing social innovation: Due to the pandemic, one social enterprise transformed its operations to create a movement, empowering women to produce reusable face masks made from recycled materials. They partnered with marginalised communities and single mothers by training them to operate sewing machines to produce face masks.

Adapting to new demands: Another social business quickly moved on to producing personal protective equipment (PPE) and face masks for hospital staff. They obtained permission from the government to produce these gears during the lockdown at half capacity. In addition, they revamped their website and even hired digital marketers to advertise their products online.

Alternative revenue through smart partnerships: During the pandemic, one social enterprise's centre which houses community-driven organisations, was locked down. This social enterprise decided to empower their workforce, consisting of young adults with learning disabilities, to bake at home under the supervision of their parents. To diversify their revenue, they started producing corporate gift hampers and continued looking for partnerships with other entities to innovate their product offerings. This social organisation managed to attain a good amount of income, even during the lockdown period.

So, what should be the next steps in sustaining social enterprises?

It is evident that during the COVID-19 pandemic, successful social enterprises can quickly pivot their operations by providing pioneering solutions in improving pressing social issues. In the post-pandemic era, social enterprises need to create revenue-generating activities to achieve a social impact that is significant in scale. Diversifying operations will initiate new solutions and social innovation. These new products or services, in turn, will help promote financial sustainability for their organisations.

Additionally, social enterprises must learn to be financially sustainable by avoiding the practice of receiving funds through grants and incentives from governmental institutions. In our opinion, this indefinite revenue flow will not enable sustainability for social enterprises. Social entrepreneurs who desire to attain sustainability are encouraged to apply these changes to their operational structure. After all, change is the only constant in life.

Captain Faiz Kamaludin (left) is pursuing his PhD, and Dr Jesrina Ann Xavier (right) is a senior lecturer, from the School of Management & Marketing from the Faculty of Business & Law, at Taylor's University. Taylor's Business School is the leading private business school in Malaysia, based on the QS Subject Ranking 2021 edition.

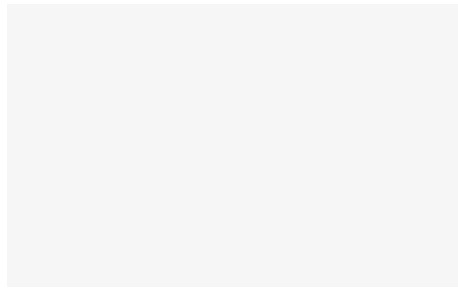


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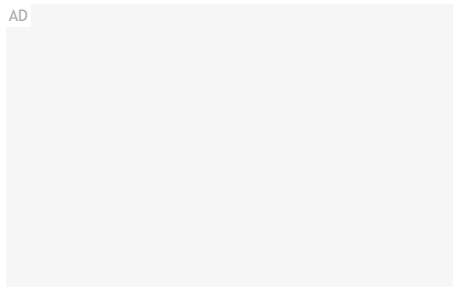
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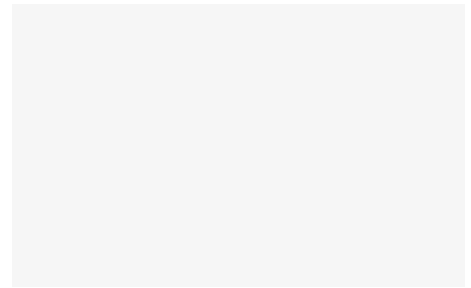
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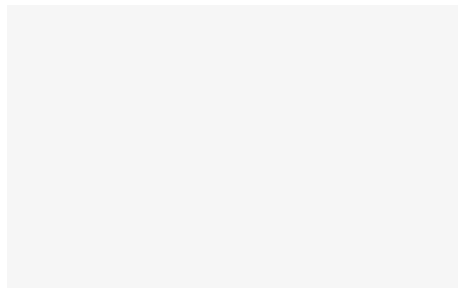
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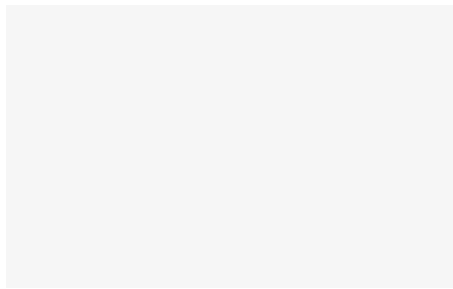
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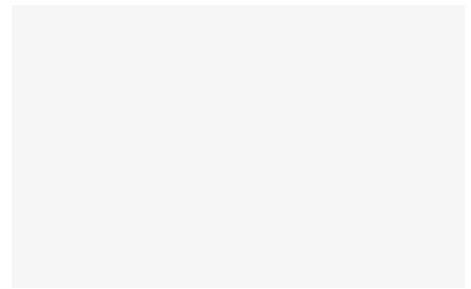
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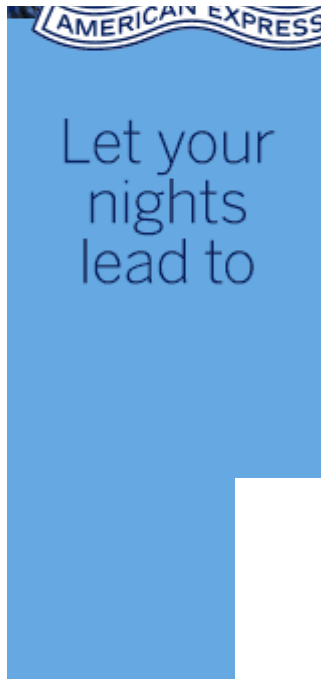
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