

## Industry Analysis

### **Social Entrepreneurship in the Service and Hospitality in Malaysia**

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## **Introduction**

The concept of social entrepreneurship pertains to an entrepreneurial pursuit primarily centered around attaining a social objective (Austin et al., 2006; Roberts & Woods, 2005; Peredo & McLean, 2006; Peredo & Chrisman, 2006). The genesis of the notion can be attributed to three primary factors that were salient throughout the 1980s. Initially, it is important to acknowledge the increasing awareness of the necessity to tackle intricate societal difficulties using inventive and enduring resolutions (Johnson, 2000; Alvord et al., 2002; Santos, 2009). Furthermore, Darby and Jenkins (2006) have highlighted a growing apprehension regarding the insufficient focus provided by the public sector on specific service domains that fail to generate adequate appeal for private sector participation. Finally, it is worth noting that corporations increasingly recognize the significance of their involvement in the social sector to enhance social and community wealth. This viewpoint is underscored by the research conducted by Zahra et al. (2008) and Wallace (1999). As a result, social entrepreneurship activities exist in spaces where public, private, and voluntary overlap (Perrini & Vurro, 2006).

In the past, using the term “social entrepreneurship” in Malaysia was uncommon despite the long-standing presence of initiatives aimed at bringing social benefits to society. The notion of social enterprise has gained considerable traction and garnered increased attention from various stakeholders, such as academics, policymakers, and individuals, particularly in the current decade (Abdul Kadir & Sarif, 2016). The development of social entrepreneurship in Malaysia began in 1987 with the establishment of Amanah Ikhtiar Malaysia (AIM), which adopted Grameen Bank’s microcredit financing model to support socioeconomically disadvantaged and rural communities. This trajectory has culminated in various notable social entrepreneurship development projects and initiatives from 2010 until recently.

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In 2010, the Malaysian government established Agensi Inovasi Malaysia (AIM) as a statutory entity to serve as the principal catalyst for advancing the innovation ecosystem within the nation. During the developmental phase, significant attention was directed toward social innovation, encompassing many projects such as the Social Innovation Blueprint, Social Progress Assessment, Social Impact Measurement, Social Outcome Fund, and Social Finance Roadmap. The period from 2014 to 2018 has seen significant development in the social entrepreneurship domain. The Malaysian Global Innovation and Creativity Centre (MaGIC) was founded in 2014 under the purview of the Ministry of Finance, with the primary objective of fostering the growth of technology start-ups that prioritize societal impact and cultivating an ecosystem that supports the development of inclusive social enterprises. In pursuit of this objective, MaGIC established the Malaysian Social Enterprise Blueprint 2015–2018 to establish social entrepreneurship as a self-sufficient, fair, and community-oriented industry. Several other significant efforts were implemented, such as the social entrepreneurship boot camp, social entrepreneurship masterclass, social enterprise scale-up program, social enterprise capacity building program, the accreditation of impact-driven enterprises, the Buy for Impact program, and Pemangkin Usahawan Sosial Hebat (PUSH).

In 2019, the Ministry of Entrepreneur Development and Cooperatives of Malaysia reassigned MaGIC to develop and implement the National Social Enterprise Accreditation Guidelines. This strategic move aims to promote the recognition of social enterprises and aligns with the ministry's revised priorities. The Social Enterprise Accreditation (SE.A.) offers accreditation to validate the authentic status of social enterprises, facilitating their access to support and possibilities offered by diverse government departments and organizations. Several noteworthy policies and programs have been created under the jurisdiction of the Ministry of Entrepreneurship Development and Cooperative from the year 2019 until 2023, such as the Social Enterprise Accreditation Guidelines, the Malaysia Social Entrepreneurship Blueprint 2030 (SEMy2030), the SE Development Committee, the Recovery Initiative for Social Enterprise (RISE), the Social Enterprise Basic Scale-Up Program, and the COOP Social Enterprise Program. SEMy 2030 is a crucial component of the broader government initiative, the National Entrepreneurship Policy, which aims to foster entrepreneurship development. The objective of SEMy 2030 is to integrate social enterprise into the nation's inclusive, balanced, and sustainable socioeconomic development as a valuable contributor.

Reflecting on the government's earnest efforts in integrating social entrepreneurship into mainstream practices, it becomes evident that this sector has developed substantially, emerging as a prominent focal point in Malaysia's strategic aspirations. There is a growing recognition among individuals that social entrepreneurship presents a viable avenue for both for-profit and non-profit entities to effectively address the needs of targeted populations while concurrently generating substantial revenue through sales and supplementary channels such as sponsorships, marketing partnerships, and public donations. Organizations engaged in a social entrepreneurship platform actively endeavor to integrate social and economic benefits as fundamental principles. According to the British Council (2019), an estimated 7,257 social enterprises are currently active in Malaysia. These enterprises primarily focus on education (22%), environment and sustainability (16%), food and beverage (13%), and arts, culture, and heritage (11%). As of 2022, the Ministry of Entrepreneurship Development and Cooperatives has implemented the Social Enterprise Accreditation initiative, formally recognizing and registering 414 entities as accredited social enterprises.

Although there has been an increase in the study of social entrepreneurship in several fields, the research on social entrepreneurship within the hospitality industry is still in its early stages (Wang, Rasoolimanesh, & Kunasekaran, 2022). Previous studies have examined the topics of corporate social responsibility (CSR) and social entrepreneurship. However, there is a noticeable research gap on social entrepreneurship within the hospitality industry (Kalargyrou, Kalargiros, & Kutz, 2018), specifically concerning the deliberate emphasis on the employment of marginalized communities and individuals with disabilities. However, it is noteworthy that the service and hospitality sectors in Malaysia have observed the rise of social entrepreneurship, which entails implementing diverse techniques to deliver targeted social advantages to specific demographics. Implementing

these approaches plays a pivotal role in attaining the social objectives of companies operating within various industries. The service and hospitality sectors have witnessed the emergence of several significant instances of social entrepreneurship. These include a café that endeavors to create employment opportunities specifically for individuals with autism, a food catering service that employs refugees as cooks, and a traditional chalet and camping site situated alongside a river, which is managed by an indigenous community as a means of generating income. Numerous other illustrations can be found within this realm. A brief compilation of several remarkable projects comprises:

- The Autism Café (Selangor) serves as a platform for autism kids' food and beverage (F&B) on-the-job training, employment, and social re-integration.
- PichaEats (Kuala Lumpur), a food catering service, helps refugees earn income by cooking their unique homegrown meals.
- Masala Wheels (Selangor) utilizes food trucks as a platform to empower marginalized communities through culinary training and employment in F&B operations and management and professional catering services.
- The Tailors Community (Selangor) enables the bottom 40 women with sewing skills to help them achieve financial independence.
- Bersah Chalet, Kuala Mu (Perak), empowers the indigenous groups to work together to build riverside chalets, campsites, and short-stay packages as income-generating streams for the community.
- Tengah Island Floating Market (Kelantan) leverages a partnership between lodging operators and the community to sell local cuisines to tourists on small boats' floating markets to help mobilize the community's economy.
- Pit Stop Community Café (Kuala Lumpur) offers a one-stop solution for marginalized communities to get food, on-the-job training, counseling, haircuts, medical services, and job placement.
- Generating Opportunities for Learning Disabilities – GOLD (Selangor) enables youths with developmental disabilities to produce and market delectable cookies via its bakery outlet, Kindness. The organization's key objective is to empower these disabled youths to lead healthy, joyful, and self-reliant lives.

In summary, the preceding decade has observed notable advancements in the realm of social entrepreneurship within the context of Malaysia. The unique combination of social ideals and market-driven principles has attracted considerable interest from various stakeholders, including individuals and organizations from for-profit, non-profit, and government sectors. These parties actively seek innovative approaches to tackle urgent socioeconomic problems and difficulties. The government's persistent endeavors and dedication to establishing social entrepreneurship as a widely accepted platform for generating economic and social benefits merit praise. The recent policies implemented by the government have demonstrated the crucial role of social entrepreneurship in the country's socioeconomic growth. This assessment aims to offer a fresh viewpoint and establish a viable trajectory for social entrepreneurship in Malaysia within the service and hospitality sectors.

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