

1<sup>st</sup> International Conference on Entrepreneurship Empowerment (ICEE 2015)  
Effectiveness of a Social Entrepreneurship in Malaysia - The Case  
of Urban Outreach

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**Abstract**

This study scrutinises effectiveness of a social NGOs in Malaysia in which deals with urban poverty. While government and other NGOs have looked at rural poverty, urban poverty especially amongst minority group has been sidelined. This is where NGOs could fill the void. Effectiveness of social entrepreneurship can be measured in terms of innovation and proactiveness. Urban Outreach is a pseudo name for the selected NGO. As far as this case study is concerned, Urban Outreach is effective enough. The NGO implied innovation in managerial aspects and deliveries, this is achieved because of proactiveness of staff. Organisational effectiveness of Urban Outreach is well demonstrated when it able to innovate and to act proactively eventhough it was capitalizing meager resources. This case can be used as a success factor by other organisations to run social entrepreneurship.

*Keywords: Social entrepreneurship, urban poverty, organizational effectiveness, Social NGO;*

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**1. Introduction**

The very concepts of entrepreneurship have been expanded to understanding of a new way of thinking and behaving rather than a business per se. The idea of entrepreneurship has been applied including Non Governmental Organisations (NGOs). After all, if one looks 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.

The Urban Outreach Malaysia (not real name) was officially formed in 2008 and registered with the Registrar of Societies (ROS) in 2009 as a non-profit non-governmental organization. Up until early 2014, the organization has almost 40 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. Urban Outreach has made a strategic partnership with 3 other NGOs overseas.

The main service of Urban Outreach Malaysia are, helping single mothers in Malaysia, United Nations High Commissioner for Refugees' (UNHCR) refugees in Malaysia and transform themselves through entrepreneurial proactiveness and innovation. Their primary objective to create self-sustainable communities amongst disadvantaged women is done through micro credit. The organization also gives service that is related to entrepreneurship business setup. It provides modules on Entrepreneurship Management Course by training the participants.

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## 2. 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 in Selangor, Malaysia. The office is only for the staff, members and partner organizations, and all meetings with staff, members and partner organizations are held here. Urban 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 Urban Outreach but is the asset of the consultancy firm. The consultancy firm belongs to the President of the Urban Outreach.

## 3. The Social Entrepreneurship Organization's Sources of Income

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

Table 1: Income of URBAN Outreach Malaysia

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

## 4. Brief income of URBAN Outreach Malaysia

The expenses for Urban 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

Type of Expenses	Percentage of Usage (% Per Funding)
Oversea Project Operating Budget	
- Project Management Fee	12
- Subsidized	13
- Total	25
Malaysia Project Operating Budget	19.35

Urban Outreach Malaysia has the 13 % of the budget subsidized, the committee still have to support their own travelling expenses. As they are volunteers, they feel it is 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 Urban Outreach Malaysia in is shown in Table 3.

Table 3: Urban Outreach Malaysia detailed operating expense from July 2013 to June 2014

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

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 channeled to Urban Outreach Malaysia project throughout their selected beneficiaries as Saving and Credit loans.

## 5. Identification of Relevant Indicators/Descriptors of the Social Entrepreneurship Organization

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

- **Innovation:** Urban 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 Urban Outreach Model (UOM) 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 Urban Outreach Dr. Sofea Kareem, can be considered as a very passionate leader who believe that every mission is achievable once sufficient effort is put in it. Triggered by her motivation, all the three part-time staff appointed in the organization have also become passionate to achieve the organization's mission. They complete their task to the fullest although they only obtain a meagre wage of RM 25 per hour.

### 5.1 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 Urban 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 that 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.
- Innovation in being efficient financially: Their system effectiveness grew from taking UNHCR structure model. Urban 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 quarterly every year.
- Proactiveness in being efficient financially: Urban 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 terms 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 complications.

## 6. Social Entrepreneurship Model in Overcoming Urban Poverty 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.

The Urban OUTREACH Model, Malaysia was executed in several 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 Urban Outreach with very committed participants. These participants who have a high spirit to overcome poverty in their life will be guided by Urban Outreach with full support until they can be independent. Thus, this has turn Urban Outreach as an effective social organization in overcoming poverty.

## 7. Conclusions

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

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