

Co-operative

What is a Co-operative?

A co-operative (often referred to as a co-op) is a business entity, which embraces a strong social mission – it puts serving people’s needs first and yet does not suffer in its bottom line.

Co-operative is a well-trusted and proven model of social enterprise, one which is organised to meet the common social and economic needs of its members. Members make equitable contributions to the capital required and accept a fair share of the risks and benefits of the undertaking.

As a democratically-controlled and a member-owned business enterprise, the co-operative provides services and products to its members and the general public through the principle of self and mutual help.

What is the Co-operative difference?



DNA of a co-operative: This diagram depicts the fundamentals of a co-operative, which is a union of two inseparable elements – a social mission and economic goals (i.e. do good and do well).

Do Good

A co-operative is driven by its social mission to serve its community in many ways. Communities that co-operatives reach out to range from cradle to grave: co-operative services include providing quality pre-school education and making sure that it is available to every child; empowering single parents with livelihood skills to

be financially independent; helping blue-collar workers stretch their dollar; providing a second career to retirees; promoting active ageing among the elderly or providing loans to the man-in-the-street, who otherwise would have difficulty obtaining a loan at a rate lower than a purely commercially-run financial institution to tie them over a difficult period.

With a social mission at the heart of its operations, the co-operative's priority is to provide social benefits to its members than profit maximisation for its shareholders. As such, surpluses are reinvested in the business to maximise social and economic interests of its members, and not distributed as mere financial rewards. In turn, the good contributed by the co-operatives in Singapore helps strengthen the social and economic fabric of society.

Do Well

Like conventional businesses, a co-operative must also meet the measure of the market in order to survive and support its social mission.

There are more than 80 co-operatives providing diverse services for their members and the community in Singapore. Aligned with their unique social mission, co-operatives actively engage in sustainable business activities, competing in the marketplace with other business entities, in industries such as aged care, childcare, consumer, education and training, financial, food and beverage, housing, insurance, medical, security, transport, travel and welfare services. In this way, the co-operative is completely self-reliant in the market and does not need to depend on donations, subsidies from the government or other financial support channels.

How to form a Co-operative?

To register as a co-operative, the proposed business entity must first fulfil the following:

1. Identify a strong social mission
2. Gather at least 10 like-minded individuals, who share the same social mission
3. Submit a business plan and financial projections (of at least five years), to validate the co-operative's economic and financial viability
4. Draft the By-laws, which details the guidelines of how the co-operative intends to operate

Applicants may approach the Singapore National Co-operative Federation (SNCF), the apex organisation of the Singapore Co-operative Movement, to seek assistance and advice regarding setting up a co-operative.

For more information, visit www.sncf.org.sg or contact (65) 6602 0747.

Social Enterprise

What is a Social Enterprise?

A Social Enterprise is an enterprise that makes use of a business model that applies entrepreneurship strategies to achieve philanthropic goals or to solve a social problem. According to Mohammed Yunus, a pioneer in social entrepreneurship and micro financing, a social business is a non-loss, Non-dividend Company designed to address a social objective within the highly regulated marketplace of today. He believes, it is distinct from a non-profit because the business should seek to generate a modest profit but this will be used to expand the company's reach, improve the product or service or in other ways to subsidise the social mission. In essence, social enterprises focus on achieving social goals while sustaining its operation.

Social enterprises have several advantages over a usual business venture:-

1. They are able to raise capital below market rates due to their moral objectives.
2. They are easier to publicise as people's can relate to the problem.
3. Usually, such enterprises use the affected people as labour; thus, enjoying cheaper labour costs.

One of the most common forms of social entrepreneurship in developing countries these days is based on micro financing. In addition, there are a number of organisations focussing on environmental objectives due to the current threat of global warming, deforestation and destruction of natural habitats of plants and animals. Prominent examples of social businesses include Grameen Bank in Bangladesh started by Nobel Laureate Muhammad Yunus and Self-Employed Women's Association (SEWA) in India founded by Ela Bhatt.

Recipe for a Social Enterprise

There are three ingredients of what constitutes a Social Enterprise model. First, one must recognise a **social problem** in place. Second one must have an **entrepreneurial mindset and skills** to develop a business venture to alleviate this problem. Thirdly, the venture must inspire **social change**. In the case of a social enterprise, the performance of the venture is measured in terms of the social benefit it brings instead of just profit and loss.



Recipe for a Social Enterprise: This diagram depicts the fundamentals of a social enterprise model, a culmination of three things i.e. Social Problem, Entrepreneurship skills and social change.

Difference between a Social Enterprise and Corporate Social Responsibility

One must realise the difference between corporate social responsibility and a social enterprise. In the former case, a commercial firm would make charitable gestures towards a social cause, to improve its brand image and financial value. On the hand, in the latter case, doing welfare for the community is the main reason for starting the enterprise. A social enterprise, unlike other firms, does not usually offer extensive monetary benefits to their investors, except where they believe that doing so will extend their ability to fulfil their social cause.

How to start a Social Enterprise?

1. Identify a social problem or challenge.
2. Employ the entrepreneurship principles to develop a business venture to inspire social change.
3. Submit your Executive Summaries to the 13th Start-Up@Singapore. Shortlisted teams will be invited to participate in a Social Business Bootcamp on 20-21 February organised by The Grameen Creative Lab at NUS. This will be a 2-day workshop to refine your business idea and create sustainable and scalable business model with the coaching of mentors. Participants will get the opportunity to pitch and receive feedback on your business plan from mentors, resource persons, and Nobel Laureate Professor Muhammad Yunus at the end of the bootcamp.