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Singapore: Asia's Social Silicon Valley?

By James Norris

Editor's Note: After the release of last issue of this Newsletter entitled "How Taiwan and Hong Kong can become Asia's Social Innovation Hubs", I received a published article from James Norris. According to his research and observations, Singapore stands a better chance to become Asia's Social Silicon Valley. You might or might not agree with him, but his views and analyses are certainly good food for thought for interested parties in Hong Kong. I have kept his long footnotes intact as they also provide valuable information on the subject.

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Where's the best place in the world for a social entrepreneur to live and build a social enterprise?

That's a tough question. It appears there are two schools of thought when it comes to attempting an answer: go close or go big.

Some people believe that a social entrepreneur should be physically near to her target market. If she is working on poverty alleviation, then perhaps she should be in a city like Kinshasa, Democratic Republic of the Congo. Or if she is fighting air or water pollution then perhaps Dhaka, Bangladesh. That certainly makes sense for a number of social entrepreneurs.

But then there are those of us who think that a social enterprise with the greatest potential for global impact requires a very specific type of climate to flourish. In my research, I've identified a few factors that deeply matter: access to talent, access to funding, access to markets, a good business climate, and a supportive culture. From that perspective, highly developed cities rise to the top.

When I asked my social entrepreneur friends to attempt an answer they threw out the following: Boston, Cambridge, Copenhagen, Delhi, Ho Chi Minh City, Hong Kong, London, Manila, Mumbai, New York, San Francisco, Silicon Valley, Singapore, Stockholm, Vancouver, and many others. Most said there was no single place, which makes sense. But the same people identified Silicon Valley as the best place for entrepreneurs, at least in general. So perhaps there is an answer?

The best place to be will certainly vary for any particular social entrepreneur. It will depend on what industry they're in, what stage of growth they're in, how they reach their customers or beneficiaries, whether they're suitable for social investment or not, and a whole host of other factors.

But for a general answer, my search led me to three top choices: London, Silicon Valley, and Singapore.

London is home to some of the world's most prominent social powerhouses: The Young Foundation[1], Social Innovation Exchange[2], School for Social Entrepreneurs[3], UnLtd[4], among others. It is certainly a contender. (Numbered footnotes can be found at the end of the article)

Silicon Valley is the world's poster child for entrepreneurship. It has an extraordinary amount of talent, money, and energy.

But Asia is the future. I place a lot of weight on this claim. If you're a social entrepreneur thinking 10 or more years out, Asia cannot easily be ignored.

So let's talk about Singapore. Two years ago I was on a trip around the world with one of my mentors. He was consulting; I was trying to determine where I should base myself as a young social entrepreneur. At the tail end of our trip we landed in Singapore, ostensibly only for a very brief visit. I ended up staying for two weeks to research the social innovation and entrepreneurship sector. It was nascent, but extremely impressive.

In fact, within two months I had moved to Singapore to do capacity building in the sector. This is after one of Singapore's most prominent social entrepreneurs telling me point blank to stay in the United States where there were "more opportunities to do good". Perspective is a funny thing.

All that said, let's try to answer the question.

I'd wager the best place to be today is Silicon Valley. It's just too much of a juggernaut to beat – the ecosystem to build (social) enterprises is very well developed.

But that's only my answer for the short-term.

Long-term, I've placed my bets on Singapore. I have hope the climate will continue to improve for several reasons, but for one the government is set on building Singapore's entrepreneurial^[5] and philanthropic^[6] sectors. That's encouraging.

And I believe it's *already* a fantastic place for social entrepreneurs. Here's why:

Access to talent

- Very high standard of living^[7] which draws talent in (and keeps it)
- Liberal immigration laws for foreign talent^[8]

Access to funding

- Asia's first social stock exchange^[9]
- S\$1M social innovation challenge^[10]
- S\$588K social enterprise competition^[11]
- Growing venture philanthropy and impact investing community^[12]
- S\$300K grants for social entrepreneurs focusing on employing disadvantaged Singaporeans^[13]
- S\$200K grants for enterprises focused on volunteerism or philanthropy^[14]
- S\$50K grants for young entrepreneurs under 26^[15]
- #1 in Asia for philanthropy^[16] and #1 in world for concentration of millionaires^[17]

Access to markets

- Geographically situated between three of the largest markets in the world: China, India, and Indonesia
- Airport rated #2 in world^[18] with multiple discount airlines^[19] flying the region

Good business climate

- #1 place in world to do business^[20]
- 80% of population is English-literate^[21] and much of the other 20% can speak at least the basics
- Very low corporate income taxes and zero tax on first S\$100,000 for first three years^[22]
- No capital gains taxes^[23]
- Tied for #1 for lack of corruption^[24]
- Government bodies work very actively to support enterprise^[25]
- #1 at protection of intellectual property ^[26]

Supportive culture

- Approximately 150 existing social enterprises^[27]
- Dedicated social enterprise association^[28]
- Multiple dedicated social entrepreneur co-working spaces^[29]

- Multiple dedicated academic institutions[30]
- Dedicated social enterprise hackathon/incubator[45]
- Online community-edited directory for the social sector (“a Wikipedia for people who care”)[31]
- Established degree program in social entrepreneurship at polytechnic level[32]
- Widely circulated sector-focused publication that is read in over 650 cities[33]
- Five million residents[34] and 9.7 million annual international travelers[35] concentrated in a very densely populated[36] space (with an amazing transportation system) creates a unique melting pot of ideas

The downsides

- Capable local talent is in high demand
- Very small domestic market of 5 million[37]
- Financing for small to mid-sized social enterprises may currently be difficult past pre-seed stage, especially until the Impact Investment Exchange[38] opens and the venture philanthropy community grows
- Very risk-averse society
- Singaporeans are effectively indifferent to social entrepreneurs (only 2% can correctly identify a single social enterprise[39])

But none of that should hold a talented social entrepreneur back.

Things would really start to get interesting if 100 additional foreign social entrepreneurs built their companies here. Or 100 additional locals decided to do the same.

Further, the Singaporean government and/or social investors could massively accelerate the development of Singapore’s social enterprise ecosystem by:

1. Creating a Startup-Chile[40] type visa and funding support program
2. Investing in a privately run Unreasonable Institute[41] type incubator
3. Investing in a privately run The Hub[42] Singapore
4. Bringing B Corp[43] or similar legal structure to Singapore

All in all, I think Singapore is a great place for social entrepreneurs now and will likely get much better. Especially given Singapore is rated the #1 most future oriented nation[44].

In time it even has a shot at becoming Asia’s “Social Silicon Valley”. Perhaps one of several around the world, each with a different focus.

What do you think? Where would you like to live and build your social enterprise? And where do you think the world’s first Social Silicon Valley will arise?

Source:

<http://www.goodpaper.sg/best-place-in-the-world-for-social-entrepreneurs/>

[1] <http://www.youngfoundation.org>

[2] <http://socialinnovationexchange.org>

[3] <http://www.sse.org.uk>

[4] <http://www.unltd.org.uk>

[5] http://www.news.gov.sg/public/sgpc/en/media_releases/agencies/mti/speech/S-20110725-1.html

[6] http://www.mof.gov.sg/budget_2007/budget_speech/subsection10.3.html

[7] <http://www.mercer.com/press-releases/quality-of-living-report-2010>

[8] <http://app.www.sg/who/196/Business-and-working-conditions.aspx>

[9] <http://www.asiaix.com>

[10] http://www.lcsi.smu.edu.sg/i3_challenge/index.asp

- [11] <http://entreprized.com>
- [12] <http://www.sehub.com.sg>, <http://www.avpn.asia>, <http://www.ammado.com/nonprofit/102178>
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- [27] <http://www.mcys.gov.sg/web/SocialEnterpriseCommitteeReport.html>
- [28] <http://www.seassociation.sg>
- [29] <http://thehub.sg>, <http://www.qi-global.com/blog/2011/8/12/singapores-newest-social-innovation-centre.html>,
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http://www.lkyspp.nus.edu.sg/CAG/Social_Innovation.aspx,
http://www.nusentrepreneurshipcentre.sg/initiatives/initiatives_article/gclnus/
- [31] <http://www.concern.sg>
- [32] <http://www.np.edu.sg/hms/courses/bzse/Pages/default.aspx>
- [33] <http://www.goodpaper.sg>
- [34] <http://www.singstat.gov.sg/stats/themes/people/hist/popn.html>
- [35] https://www.stbtrc.com.sg/images/links/X1STBCorporateAnnualReport-09_10.pdf
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- [38] <http://www.asiaix.com>
- [39] http://www.seassociation.sg/cos/o.x?c=ca3_sea/pagetree&func=view&rid=5640
- [40] <http://www.startupchile.org>
- [41] <http://unreasonableinstitute.org>
- [42] <http://the-hub.net>
- [43] <http://www.bcorporation.net>
- [44] <http://hbr.org/2007/07/forward-thinking-cultures/ar/1>
- [45] <http://www.upsingapore.com>

Editor's remarks:

The author has made a compelling case. It would be interesting to know what he would say if he had acquired equally intimate knowledge about Hong Kong's social ecosystem. Instead of debating with him at this stage, I would like to urge him to visit Hong Kong and see and feel things for himself.

Historically, Singapore and Hong Kong might have been competitors in many respects. But in terms of social innovation and playing a role in bringing about major transformation in this part of the world, the two cities should and could complement each other beautifully.

We welcome readers' comments on this interesting and timely topic.