NON PROFIT ORIENTED ENTREPRENEURS:
CASE STUDY OF NON GOVERNMENTAL ORGANISATION AND
SOCIAL ENTREPRENEURSHIP IN JOHOR BAHRU

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To my amazing mother and father, my supportive siblings, my lovely niece and nephew. Thanks for being there for me throughout the process. They have never left my side and are very special. All of you have been my best cheerleaders!

I love you all dearly.

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ABSTRACT

Social Entrepreneurship and NGO has emerged as an important research topic in the literature nowadays. This interest stems from both organization’s roles in addressing social problems while in the same time enhancing social wealth without focusing on profits. This research will reviews some of the roles, functions and characteristics of both organizations. The aims of the study is to explore and bring to our attention what is unclear about what NGO and Social Entrepreneurship is or is not including the formation process and legal procedure, challenges and success factors of NGO and Social Entrepreneurship. Hence, this study also explores and seeks to provide an understanding of the research framework which taking into account in the context of NGO and Social Entrepreneurship in Johor Bahru offers. Three organizations has been chosen as a case study in this research. This study was carried out with an interview method design which includes one interview session for each organization involved. Face to face interview session are applied to collect primary data, while some journals and articles are used as secondary data. The paper finds that there is some similarities and differences between NGO and Social Entrepreneurship characteristics. The aims of both organizations are same which is to tackle environmental and social issues in society. However the different lies in revenue model which is Social Entrepreneurship are more self sustainable compared to NGO. A number of key issues and recommendations can be identified and are highlighted in this study. In the last parts, the paper will presents the issues and suggestions suggested by researcher which will tries to assist the prominent challenges faced by both organizations.
TABLE OF CONTENT

<table>
<thead>
<tr>
<th>CHAPTER</th>
<th>TITLE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td></td>
<td>ii.</td>
</tr>
<tr>
<td>DEDICATION</td>
<td></td>
<td>iii.</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td></td>
<td>iv.</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td></td>
<td>v.</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td></td>
<td>vi.</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td></td>
<td>vii.</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td></td>
<td>viii.</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td></td>
<td>ix.</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td></td>
<td>x.</td>
</tr>
</tbody>
</table>

1 INTRODUCTION
1.1 Introduction 1
1.2 Background of The Study 4
1.3 Objective of The Study 8
1.4 Problem Statement 8
1.5 Scope and Limitations 9
1.6 Research Question 10
1.7 Significance of the Research 10
1.8 Scope of the Study 11
1.9 Conclusion 12
2 LITERATURE REVIEW

2.1 Introduction 13

2.2 Defining Social Entrepreneurship and NGO 14

2.2.1 Social Entrepreneurship 14

2.2.1.1 Entrepreneurship 15

2.2.1.2 Social Entrepreneurship 15

2.2.2 Non-Governmental Organization (NGO) 18

2.2.3 NGO and Social Entrepreneurship 20

2.3 Specific Features and characteristics of Social Entrepreneurship and NGO 22

2.3.1 Specific Features of Social Entrepreneurship 22

2.3.2 Basic Characteristics of NGO 24

2.4 ROS and SSM 26

2.4.1 Registrars of Societies Malaysia (ROS) 26

2.4.1.1 Background of ROS 27

2.4.1.2 Laws and Regulation 28

2.3.1.3 Establishment and Registration 28

2.4.1.4 How to Set Up Organization 30

2.4.1.5 Registration Statistic 30

2.4.1.6 Registration Procedures 31

2.4.1.7 Government Supervision and Enforcement 32

i) Internal Governance 32

ii) Reporting 33

iii) State Enforcement & Sanctions 33

iv) Dissolution of
2.4.1.8 Why do NGOs Need to be Registered as a Societies? 34

2.4.2 Companies Commission of Malaysia (SSM) 35
   2.4.2.1 Background of SSM 35
   2.4.2.2 Registration Statistic 35
   2.4.2.3 Registration Procedure 36
   2.4.2.4 Acts and Regulations 37

2.5 Challenges of NGO and Social Entrepreneurship 37
   2.5.1 Challenges of NGO 38
   2.5.2 Challenges of Social Entrepreneurship 40

2.6 Success Factor 43
   2.6.1 Success Factors for Social Entrepreneurship 43
   2.6.2 Success Factor for NGO 45

2.7 Bridging the Gap between NGO and Social Entrepreneurship 47

2.8 Research Framework 48

2.9 Conclusion 52

3 RESEARCH METHODOLOGY
   3.1 Introduction 53
   3.2 Research Instruments 54
   3.3 Research Approach and Design 55
   3.4 Participants (Population / Sample) 56
   3.5 Data Collection Method 57
   3.6 Data Analysis 59
   3.7 Case Study 60
      3.7.1 Selection of Cases 60
3.7.2 Determining the Type of Case

3.8 Background of the Case Study
3.8.1 Organization A
3.8.2 Organization B
3.8.3 Organization C

3.9 Conclusion

4 DATA ANALYSIS
4.1 Overview of This Chapter
4.2 Background
4.3 Study Findings
4.3.1 Theme 1
4.3.1.1 Purposes and Aims
4.3.1.2 Identify the criteria necessary for board members.
4.3.1.3 Details Registrar of Societies and SSM
4.3.2 Theme 2
4.3.2.1 How they raise required capital
4.3.2.2 How did you search for sponsors or resources?
4.3.3 Theme 3
4.3.3.1 Activities Organized by NGO
4.3.3.2 Programs Organized by Social Entrepreneurship

4.4 Challenges and Success Factor

4.5 Conclusion
5 RECOMMENDATIONS AND CONCLUSION

5.1 Overview of This Chapter 89

5.2 Conclusion

5.2.1 Research Question 1 90

5.2.2 Research Question 2 91

5.2.2 Research Question 2 94

5.3 Recommendations 96

5.4 Suggestion for Future Research 99

5.5 Conclusion 100

REFERENCES 102
**LIST OF TABLES**

<table>
<thead>
<tr>
<th>TABLE NO.</th>
<th>TITLE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>The definitions of Social Entrepreneurship</td>
<td>16</td>
</tr>
<tr>
<td>2.2</td>
<td>Suggestion for problems faced by NGO and Social Entrepreneurship</td>
<td>51</td>
</tr>
<tr>
<td>3.1</td>
<td>List of Organisations</td>
<td>56</td>
</tr>
<tr>
<td>3.2</td>
<td>Types of case Studies</td>
<td>61</td>
</tr>
<tr>
<td>4.1</td>
<td>Challenges and Success Factors of NGO and Social Entrepreneurship</td>
<td>90</td>
</tr>
<tr>
<td>FIGURE NO.</td>
<td>TITLE</td>
<td>PAGES</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>2.1</td>
<td>Difference between NGOs, Social Entrepreneurship and Traditional Business</td>
<td>21</td>
</tr>
<tr>
<td>2.2</td>
<td>Research Framework for Social Entrepreneurship and NGO</td>
<td>49</td>
</tr>
<tr>
<td>2.3</td>
<td>Research Model</td>
<td>50</td>
</tr>
</tbody>
</table>
LIST OF ABBREVIATIONS

NGO = Non Governmental Organization
SE = Social Entrepreneurship
ROS = Registrar of Societies Malaysia
JPPM = Jabatan Pendaftaran Pertubuhan Malaysia
SSM = Suruhanjaya Syarikat Malaysia
CCM = Companies Commission of Malaysia
MARA = Majlis Amanah Rakyat
TEKUN = Tabung Ekonomi Kumpulan Usahawan Niaga
1.1 Introduction

The concept of social entrepreneurship has become well established and used to talk about business. It holds a place in the curriculum of leading business schools, and it is the subject of numerous professional and academic meetings. There are many associations devoted to studying and implementing social entrepreneurship, and there are numerous web sites on which one may become acquainted with the concept and receive information and/or advice on putting into it practice.

Commentators, both scholarly and popular, and advocates of every kind, understand it in a variety of ways. The concept needs to be clarified just to make those comments and that advocacy intelligible.

There are several ways of practical reasons for wanting to be clear about what constitutes social entrepreneurship. The reason are as below:
i) Social entrepreneurship may call for quite different standards of evaluation when compared with standard forms of entrepreneurship.

ii) If there is reason to believe that social entrepreneurship is a promising instrument for addressing social needs, it may call for added support in the form of legislation and other sorts of social policy.

iii) It may well be that the mix of aptitudes and skills appropriate to successful pursuit of social entrepreneurship differs in significant ways from the mix relevant to success in entrepreneurship without the social component.

Social entrepreneurs perform most of their activities at non-governmental organization (NGOs). Seeking social goals and creation of social value are the main peculiarity social entrepreneurship.

The term NGO is not something new. It was used worldwide in a variety of ways depending on their content. Despite the increasing number and size of NGO, the impact of their activities is either transitory or localized (Edwards and Hulme, 1992). According to Yaziji and Doh (2009), NGO is a broad term that is used somewhat to refer to all organizations that are neither an official part of government (at any level) nor a private, for profit enterprise. Despite the use of term “NGO”, there are also many other terms used to describe NGO such as “nonprofit”, “voluntary” and “civil society” organization. Whatever the description, the use of different terms does not reflect the descriptive, but as a consequence of different culture and history in which thinking about NGOs is emerged (Lewis, 2009).

The non-governmental organization (NGO) are an extremely diverse group of organization which play different roles and take different shape and forms within and across different country contexts (Ismail and Rehman, 2012). According to Lewis (2009, p. 2), NGO play different role and take different shape within and across different societies. NGO plays an important function in promoting sustainable
community development (Nikkhah and Redzuan, 2010), played a central role in
global campaign against slavery and violence against woman (Gamboni, 2006),
playing a role in managing, creating, and disseminating information, ideas and solution
for rehabilitation and social development (Ur Rehman and Ismail, 2012). Many NGOs
are primarily concerned with poverty or disaster alleviation, while others focus on
local-level development projects, usually filling gaps government services have not
met (Klugman, 2000, p. 96).

The terms of NGO are relatively recent, however many associations among
like-minded individuals have been part of both ancient and modern history (Yaziji and
Doh, 2009). Non-governmental organizations are now recognized as the key third
sector actors on human rights, humanitarian actions, landscapes of development and
many other areas of public actions (Lewis, 2009). NGO may be formal or informal,
small or large, bureaucratic or flexible. However, in terms of funding, NGO may
depend on locally mobilized resources or externally funding.

There is certain criteria that can be applied in order to classify NGO purpose in
any analysis of study. Oberthur et. al., (2002) has stated that the criteria that are
relevant to be studied such as primary aim of the organization, types or scope of
activities, type of membership, organizational structure and funding structure. In this
research, a few of those criteria will be used and study.

This study paints a broad picture about both sector; social entrepreneurship and
NGO, but there is still much more to uncover about the social entrepreneurship and
NGO sector. However, no matter the attention that the topics of social entrepreneurship
and NGOs have received over the years, there is room, still, for further research
(Gonzalez, 2012, p. 9)
In this chapter, there are six section addresses. This first section discusses the background of the study, problem statement, scope of the research, objective of the study, research questions and significant of the research.

1.2 Background of the Study

The terms of social entrepreneurship is becoming more popular and is attracting growing amount of resources. However, there is always misconception about anyone who starts a business, is an entrepreneur. Entrepreneurship is related with terms of stimulating economic progress through action and innovation. Entrepreneurship involves the identification, evaluation and exploitation of opportunities (Shane and Venkataram, 2000, p. 267; Certo and Miller, 2008).

In recent years, social entrepreneurship has gained an attention from entrepreneurship scholars. Social entrepreneurs involves the recognition, evaluation, and exploitation of opportunities that result in social value, the basic and long standing needs of society, as opposed to personal or shareholder wealth (Austin, Stevenson and Wei-Skillern, 2006, p. 267).

Many competing definitions and meanings of social entrepreneurship exist to date (Choi and Majumdar, 2014, p. 364). According to Saifan (2012, p. 2), social entrepreneurship needs to be defined in a way that is consistent with what is known about entrepreneurship. Entrepreneurs see the world differently and envision future better than other person do, by seize the opportunity. However, how we differentiate between entrepreneurs and business people? The business literature differentiates entrepreneurs from business people by including statements such as: entrepreneurs “create needs”, while business people “satisfy needs”. (2012 Global Report Global Entrepreneurship Monitor, 2011, p. 2).
Overall, economist highlight entrepreneur as individual with such an economic prosperity and venture growth maximization mind set, also as an individual with exceptional mind set. These definitions are from economists’ point of view.

Although the use of the term social entrepreneur is growing rapidly, the field of social entrepreneurship lacks rigour and is in its infancy compared to the wider field of entrepreneurship. Success stories of individuals solving complex social problems are being used to legitimize the field of social entrepreneurship (Saifan, 2012, p. 2).

According to Zahra et al. (2008, p. 3) cited in Saifan (2012), interest in social entrepreneurs stems from their role in addressing critical social problems and the dedication they show in improving the well-being of society. However in terms of social entrepreneurship, several things to take into consideration; improved quality of life and how it affected society and the multitude of social needs they satisfy.

Overall, we can see that ultimate goal of entrepreneur is differ from ultimate goal of social entrepreneur. Entrepreneur creates economic wealth, while social entrepreneur’s priority is to fulfill their social mission. Social entrepreneurs design their revenue-generating strategies to directly serve their mission to deliver social value (Saifan, 2012, p. 3).

Sometimes, the other disciplines are often confused and mistakenly associated with social entrepreneurship, cause by lack of consensus on the definition of social entrepreneurship. Saifan (2012, p. 5) has suggested that it is important to set the function of social entrepreneurship apart from other socially oriented activities and identify the boundaries within which social entrepreneur operates.

Specifically, main focus of the study is on social entrepreneurship that creates innovative solutions to immediate social problems and also mobilizes the ideas,
capacities, resources, and social arrangements required for long-term, sustainable, social transformations.

According to Zainol et. al., (2014, p. 111), there is a belief that that the concept of social entrepreneurship is still new in Malaysia, and needs a bit of a push to become widespread. In Malaysia, there is some awareness arises about the importance of social entrepreneurship in society. Related to that, the government has hosted some initiatives to help the society especially the poor by introducing the concept of understanding the need to help the poor community through entrepreneurship activities (Mokhtar et. al., 2013). He also added that the governments has set up few agencies which act as government-linked social enterprise such as TEKUN and Majlis Amanah Rakyat (MARA). In 2012, the government has introduced 1M4U (stands for 1Malaysia for you) in order to promote social entrepreneurship among Malaysia youths.

In the other hand, the term of NGO is broad and covers a range of organization within civil society from political action groups to sports club (Lekorwe and Mpbanga, 2007). Thus, the clear definitions of NGO are remains unclear and complex. It may vary and as a result of a different role and take different shapes within and across different societies (Lewis, 2009).

According to Lekorwe and Mpbanga (2007), the roots of NGOs are different according to the geographical and historical context. Thus, NGO can be recognized as an organization which pursue activities to relieve the suffering, promote interests of the poor, protect the environment, provide basic social services, and undertake community development (Lekorwe and Mpbanga, 2007; Cleary, 1997). NGOs are one group of players who are very active in their efforts for international development and to increase the welfare and life of poor people in poor countries (Werker, 2007).

and Barr et al (2005) cited in Aldashev and Veldier (2009, p. 200) has stated that data from Bangladeshi and Ugandan NGOs has shown that the activities of these NGO are different based on their mission and activities such as dimension of education, awareness, health care and employment facilitation.

In Malaysia, Non-Governmental organizations (NGOs) can be described as nonprofit organizations which are run by volunteers and have many roles (Hashim et al., 2010). These roles are usually depends on their different aims of each of organizations. Overall, NGO is a legally organization that are created by legal persons and operates independently from any government.

The growth of NGO sector in Malaysia may be considered as a new phenomenon, but since 1990s there is growing amount of NGOs have been clamorous in domestic and international issues (Al Atas, 2003). This, according to Al Atas (2003) may become as an indicator to society to becoming more political mature.

NGOs are usually understood to be those organizations engaged in development and poverty reduction work at local, national and global levels (Lewis, 2001). Yaziji and Doh (2009) has mention NGO as civil society that work together to form more organized relationship or in other word, the entities that emerge.

Specifically, the research will take a look at the formation of NGO including specific terms such as the aim and roles, legal structure, sources of funds and the activities that involved. The activities and emphasis of NGO have led to a deeper debate of what the real NGOs characteristic mean.
1.3 Objective of the Study

The objective of the study is to explore and bring to our attention what is unclear about what NGO and Social Entrepreneurship is or is not. Hence, this study also explores and seeks to provide an understanding of the research framework which taking into account in the context of NGO and Social Entrepreneurship in Johor Bahru offers. In order to identify and describe, the researcher are using case study and seek for responses of selected participants within organizational selected. Specifically it is intended to access those:

i) To identify the formation process and legal procedures of NGO and Social Entrepreneurship in Johor Bahru.

ii) To identify challenges of NGO and Social Entrepreneurship in Johor Bahru.

iii) To understand the success factor of NGO and Social Entrepreneurship in Johor Bahru.

1.4 Problem Statement

There are large numbers of NGO and Social Entrepreneurship in Johor Bahru but there is no specific research to exploit them very well. One of the reasons is the problems within organization itself. These studies specifically will prominence on the factors that contributes to sustainability of both organization in Johor Bahru. In addition, it will also highlight on if there is any performance at all to measure the success and failure of the organization.
Another thing to take into consideration is about the formation process between NGO and Social Entrepreneurship. This includes the legal form, the sources of funding, and the programs and activities organized by organizations. Thus, in this research it is thought to access the similar and different factors that will affect the performance of NGO and Social Entrepreneurship in Johor Bahru. Furthermore, the supports given by participants involved are accessed very well.

1.5 Scope and Limitations

This study is focusing on the comparison between NGO and social entrepreneurship. Furthermore, the scope of this study is to identify the differences and similarities between NGO and social entrepreneurship and make a conclusion from the problem. In addition, the study aims to what are the success factors for both NGO and social entrepreneurship. How they operate and sustain in market also will be covered. Two NGO’s and one social enterprise will be selected as a sample.

There is certain restrictions and limitation in this research. The culture between these organizations may differ between each other. Thus, it’s quite difficult to complete the study within the given time constraint. Other than that, such model that can be used to analyses NGO and Social Entrepreneurship is lacking in this present study. In addition the terms ‘social entrepreneurship’ has not been well known by some organizations involved in this research. This in the same time increased time which has to allocate to briefly explain them information before start the interview session.

The scope of this study is to identify the characteristics and the nature of NGO involved. However the researcher is using its own interpretation in order to demonstrate the result of the study. In addition, because of the study on NGO and Social Entrepreneurship is still new, there is a very little literature written on this topic.
of study. This will lead to difficulties in order to triangulate the information collected. Furthermore, the findings from this research can’t not be applied and used by NGO and Social Entrepreneurship in other countries because this study are focusing specific to the NGO and Social Entrepreneurship in Malaysia especially Johor Bharu as their main focus.

1.6 Research Question

This study aims to answer some of the questions as follow:

i) What are the formation processes and legal procedures of NGO and Social Entrepreneurship in Johor Bahru?

ii) What are the challenges for NGO and Social Entrepreneurship in Johor Bahru?

iii) What are the success factor of NGO and Social Entrepreneurship in Johor Bahru?

1.7 Significance of the Research

This study involved the NGO’s and social entrepreneurship around Johor Bharu. The findings from this study are expected can help many parties including many aspects. The researcher intended to fill the gap in the body of knowledge about NGO and Social Entrepreneurship.
The finding of research about the differences and similarities between NGO and social entrepreneurship can help researcher to identify the problems and success factors between both. Moreover, the study addresses itself to help policy makers understand the two groups for the decision making and in the same time will help in understanding the relations between NGO and social entrepreneurship.

### 1.8 Scope of the Study

This research explains the formation process of Non-Governmental Organization and Social Entrepreneurship including their aims, sources of funds, legal structure and the programs and activities undertaken by the NGOs and Social Entrepreneurships in Johor Bahru. The respondents were the members of Non-Governmental Organization and Social Entrepreneurship in Johor Bahru which hold a specific position in that organization.

There are many factors that could contribute the research. Nevertheless, the researcher has focused on the aims and what are their organizations doing. The respondent were selected will be expected to give a details about their organizations. Besides, the respondents would identify their sources of fund, legal structure and activities and program that they organized.

All the information about the respondent was only based on the feedback obtained from the interview conducted.
1.9 Conclusion

This chapter highlights a broad picture of Non-Governmental Organization and Social Entrepreneurship. However there is still much more to uncover about Non-Governmental Organization and Social Entrepreneurship sector which will be discussed in chapter 2. Despite the growing attention to Non-Governmental Organization and Social Entrepreneurship, there exist various definitions about Non-Governmental Organization and Social Entrepreneurship. The researcher finds that Non-Governmental Organization and Social Entrepreneurship are emphasize on creates social value and deliver social mission. However, the brief definitions will be explained more in chapter 2.
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