

**THE EFFECTIVENESS ELEMENT OF SOCIAL ENTREPRENEURSHIP TO  
OVERCOME URBAN POVERTY: A CASE STUDY FROM *PROJEK EKONOMI  
RAKYAT JOHOR (PROJEK ERA JOHOR)***

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## DECLARATION

I declare that this report entitles “The Effectiveness Element of Social Entrepreneurship to Overcome Urban Poverty: A Case Study from *Projek Ekonomi Rakyat Johor (Projek Era Johor)*” is the result of my own research except as cited in the references. The report has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature : .....

Name : Rian bin Azman

Date : .....

## **DEDICATION**

I dedicate this thesis to my parents, Azman bin Ahmad and Subaidah binti Rafik. I hope that this report achievement will complete the dream that you had for me all those many years ago when you chose to give me the best education you could.

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## ABSTRACT

Social entrepreneurship is important to overcome urban poverty. Urban poverty has been a major social problem in certain areas with the effect of globalisation process. For that reason, this study was conducted to identify the elements in social entrepreneurship to overcome urban poverty. *Projek Ekonomi Rakyat Johor (Projek ERA Johor)* has been chosen as a case study. Five (5) participants of Projek ERA Johor have been chosen to be respondents. The results showed that people (participants) have a significant impact in social entrepreneurship to overcome urban poverty. There were several elements in social entrepreneurship that have been discussed such as people, organisation, resources and ideas. The results of the study contribute to an exceptional judgement in social entrepreneurship.

**Keywords:** social entrepreneurship, urban poverty, *Projek Ekonomi Rakyat Johor*

## **ABSTRAK**

*Keusahawanan sosial adalah penting untuk mengatasi kemiskinan bandar. Kemiskinan bandar telah menjadi masalah sosial utama di kawasan bandar dengan kesan proses globalisasi. Oleh sebab itu, kajian ini telah dijalankan untuk mengenal pasti unsur dalam keusahawanan sosial untuk mengatasi kemiskinan bandar. Projek Ekonomi Rakyat Johor (Projek ERA Johor) telah dipilih sebagai kajian yang dijalankan. Lima (5) peserta Projek ERA Johor telah memilih untuk menjadi responden. Hasilnya menunjukkan orang (peserta) mempunyai kesan yang signifikan dalam keusahawanan sosial untuk mengatasi kemiskinan bandar. Terdapat beberapa elemen dalam keusahawanan sosial yang telah dibincangkan seperti manusia, organisasi, sumber dan idea. Hasil kajian menyumbang penghakiman yang luar biasa dalam keusahawanan sosial.*

**Kata kunci:** *keusahawanan sosial, kemiskinan bandar, Projek Ekonomi Rakyat Johor*

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## LIST OF ABBREVIATIONS

SE	=	Social Entrepreneurship
ISO	=	International Standards Organization
FOMCA	=	Malaysian Consumers Association
ERA	=	<i>Projek Ekonomi Rakyat</i>
SEA	=	Social Entrepreneurship Action
RQ1	=	Research Question 1
RQ2	=	Research Question 2
RQ3	=	Research Question 3
R1	=	Respondent 1
R2	=	Respondent 2
R3	=	Respondent 3
R4	=	Respondent 4
GEM	=	Global Entrepreneurship Monitor
NEP	=	New Economic Policy
SOP	=	Standard Operation Procedure

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## CHAPTER 1

### INTRODUCTION

#### 1.0 Introduction

In this chapter, the research covered the background study of the research topic which was social entrepreneurship. In addition, the researcher included about urban poverty. Researcher will refer to *Project ERA Johor* as a case study to get more information about social entrepreneurship. Furthermore, problem statements, scope and limitation of study, important of research and research question presented in this chapter.

## 1.1 Background of The Study

Entrepreneurs and entrepreneurship are ideas which are as often as possible utilized, and which these days, have a firm constructive association in the political level headed discussion (Elisabeth Sundin, 2011). Entrepreneurs and entrepreneurship, notwithstanding, have been examined prior and from various perspectives, as have social and community entrepreneurs and entrepreneurship (Elisabeth Sundin, 2011). Besides that, entrepreneurship is a dynamic procedure of vision, change and creation (Kuratko and Hodgetts, 2004). According to Ben Casnocha (2011), there are 4 type of entrepreneurship which is, small *business* entrepreneurship, scalable startup entrepreneurship, large company entrepreneurship and social entrepreneurship.

Social entrepreneurship is a profit driven endeavour that has the double objectives of accomplishing productivity and achieving helpful social returns (Dees J., 2001). The idea social entrepreneurship has been quickly rising in the private, public and non-profit divisions in the course of the most recent couple of years, and interest for social entrepreneurship as turned into a worldwide wonder that impact the general public by utilizing innovative ways to deal with take care of social problem (Robinson et al., 2009). Social entrepreneurial wonders fixate on the making of social riches and it is beaten the urban poverty through the recognizable proof and abuse of entrepreneurial openings (Short, Moss, & Lumpkin, 2009; Zahra, Gedajlovic, Neubaum, & Shulman, 2009). According to archive.skoll.org, (2008), there are four elements in social entrepreneurship which help to overcome urban poverty which is people, organisation, idea, and resources. These four elements not just help association the quickly developing literary works on business entrepreneurship, they clear up the look for procedures that may enable entrepreneur to create and dispatch better thoughts, find openings, and make more creative associations.



First element is people. People implies distinctive things to various individuals, making awesome disarray in the writing and practice in social entrepreneurship visionaries. (Zahra et al., 2008). Zahra et al., (2008) conclude people in their perspective are participant, community and social entrepreneur. At the participant level, is focussed on the key part of social entrepreneur, whose esteem will have effect on conduct (DeCharmes, 1968; Aldrich, 1989; Thompson et al., 2000; Dees et al., 2002; Mair and Noboa, 2003; Doherty et al, 2006; Danna and Porche, 2008). Next element in social entrepreneurship is organisation. The social entrepreneurship can't accomplish its points without the assistance of government giving fundamental administrations and a setting of security (Thompson J., Alvy G., and Lees A., 2008). Contrast with Johnson (2000) and Nicholls (2008) point of view, where social entrepreneurship has been rapidly emerging in the private, government and non-profit sectors over the last few years, and interest in social entrepreneurship continues to grow. Frutcherman J., (2009) stated as a non-profit venture which combines technological solutions with social entrepreneurship business models to serve the disadvantaged communities which biggest companies don't serve.

The third element in social entrepreneurship is idea. Social entrepreneurship mainly focuses on the idea and then integrate the resources to realize it (Dees, 2011). According to Mumford and Gustafson (2008), creative refers to the age of new thoughts, and inventive is the interpretation of these thoughts into activities. Innovative and creative have come to be seen as a noteworthy objective of numerous organizations and a possibly capable effect on authoritative execution (Drazin et al., 2009). Fourth element is resources. Dees (2011) believes that social entrepreneurship is taking part in a procedure of consistent innovation, adjustment, and learning, acting strikingly without being restricted by resources that are as of now close by, and displaying elevated responsibility to the bodies electorate served and for the results made. Social entrepreneurship mainly focuses on the idea and then integrate the resources to realize it (Dees, 2011). The resources described are financial resources and technology resources in order to enhance successful social entrepreneurship. (Dees, 2011). Mair and Marti' (2016) seen social entrepreneurship broadly, as a procedure including "the innovative utilize and blend of resources to seek after chances to catalyse social change as well as address social needs.

Referring to Berkan, (2006) poverty has been an important social problem from the earliest starting point of mankind and will be till the apocalypse. Be that as it may, the quick change in technology required away the ability of human push to cover his necessities alone. The people must improve their education, talent and capacity continuously. In this respect, today's globalizing poverty is more concrete and a difficult problem to solve than ever. Urban poverty concept explains the tendency of poverty to become dense in certain area with the effect of globalization process. This concept has a profound meaning and used as "new indigenious". The difference of new urban poverty from traditional poverty is that, masses that were not poor before became poor and this mass was externalized from social process as a result of transformation in the local economic area (Aytac and Akdemir, 2003). Urban poverty is sometimes considered as underclass poverty. Underclass mass is the people that have no regular business, dependent on the government aid, with a high potential crime and that have no shelter or take shelter in bad circumstances (Cheal, 1996). This research will be focused at Johor.

*Projek Ekonomi Rakyat Johor (Projek ERA Johor)* is an effort to improve the income of low income groups through the concept of social entrepreneurship with the involvement of post-graduate groups with the community (Khaled Nordin, 2017). Referring to BH Online (2018), a total of 193 participants joined 31 pilot projects through the *Projek Ekonomi Rakyat Johor (Projek ERA Johor)* to increase the income of the less fortunate. Through the project, the less fortunate will be addressed (Jauhar.my, 2017). According to *Menteri Besar* Datuk Seri Mohamed Khaled Nordin, the state government through the Darul Takzim Family Development Foundation has allocated RM650,000 to promote the concept of social entrepreneurship. (BH Online, 2018). According to Khaled Nordin (2018), the *Projek Ekonomi Rakyat Johor* is divided into five types, namely fertile chilli plants, gray oyster mushrooms, fish ponds, ice cream business and bakery. The state government has argued that it is time to look at not only about providing welfare assistance, but also developing programs that build community capacity.

At the end of this chapter, the significance, scope and limitation and short key concept had been concluded in this study. The findings of the research identified the effectiveness element of social entrepreneurship to overcome urban poverty in Johor. It also gave some ideas to the organisation which practising social entrepreneurship.

## 1.2 Problem Statements

According to Sharif et. al, (2013), trust that the social entrepreneurship is still new Malaysia, and needs somewhat of a push to end up across the board particularly as far as element. Decades after crafted by Grameen Bank and Ashoka started, the idea of social business entrepreneurship is as yet misjudged (sustainablebrands.com, 2012). Based on asiafoundation.org, the absence of understanding meaning of component in social entrepreneurship is one issue that has been a constant wellspring of perplexity. In addition, Ha (2010), he saw social entrepreneurship in Malaysia as yet endeavouring to pick up force. There is a need of proper element to be implemented in Malaysia. According to Visser, (2011), the contextual and theoretical understanding of the phenomena is still lacking.

Previous researches' discoveries had demonstrated the effectiveness element in social entrepreneurship can give impact to urban poverty (Gandy et al., 2012); (Duncan, 2007) However in Malaysia, research to look at such relationship elements and social entrepreneurship is still non-existence (Zainol L. A. et. al., 2014). Social entrepreneurship can make a persisting on society by giving progression business answers for refractory social issues. This could be vital for Malaysia, where various standard for-profit, non-profit, and open establishments have ended up being out of date and unfit to deal with an extent of social and condition issues that are blocking to the nation's whole deal advancement and change, concurring by asiafoundation.org. Other than that, non-profit organisation confront the test of adjusting the requirement for gainfulness over the long haul, for example, to help their non-profit program service with the need to advance and organize their social mission (Zimmerman, 2010).

On top of that, people still not realize the impact of social entrepreneurship to overcome urban poverty (Scott Helm, 2007). The researcher had been an internship program in Intan Jauhar Sdn Bhd, Melaka. Once when the researcher was doing the internship, researcher had a task in handling a social entrepreneurship activity in urban area in Batu Pahat, Johor. The researcher opens this opportunity to 200 communities. Unfortunately, there are only 120 sign up for being the participant. This is because the community still didn't realize the implementation of social entrepreneurship can overcome urban poverty. Thus, the researcher has to evaluate the impact of implementation social entrepreneurship to overcome urban poverty.

### **1.3 Research Objectives**

This study will try to clarify how element in social entrepreneurship can overcome urban poverty by the direction of the following research objectives:

1. To determine elements of social entrepreneurship
2. To investigate the most effective element in social entrepreneurship
3. To evaluate the impact from implementation pf social entrepreneurship to overcome urban poverty

### **1.4 Research Questions**

Three research question have been determined from the problem statements.

1. What is the element of social entrepreneurship?
2. What is the most effective element in social entrepreneurship?
3. What is the impact from the implementation of social entrepreneurship to overcome urban poverty?

## 1.5 Scope Of Study

This study to conduct purposely to identify the effectiveness of element in social entrepreneurship to overcome urban poverty. This happened because the researcher believes that the element in social entrepreneurship can overcome urban poverty. In addition, the researcher will conduct this research at Johor. Researcher will refer to *Projek ERA Johor* as a case study.

## 1.6 Limitation of Study

The research only focus on the element of social entrepreneurship which can overcome urban poverty.

The limitation of this research is this research is conduct in qualitative method which is the research needs to conduct interview session with participants that involve in social entrepreneurship program in Johor. During the interview, the respondent may not disclosed some confidential information because most people would like to present a positive image (McLeod,S:A.,2014).

Other than that, the respondent has the educated knowledge the topic that researcher want to study. The respondent is not understanding well about the researcher that want to be done. Moreover, the respondent may have less experience regarding this research.

The limitation of research also happened in accessing secondary information. Some annual report online required paying in advanced in order to read the report.

## **1.7 Importance of Research**

This finding of this study may be beneficial to the organization who implement social entrepreneurship program. It helps the organization to identify the most effective element in social entrepreneurship. This study is important since previous studies are not locally-based (not Malaysia-based). The result of this study was provided a new insight to the local organization towards the most effective element in practising social entrepreneurship, especially in Johor. Other than that, this study provides better understanding for the future researcher who would like to conduct a research that may similar as this research. This research also contributes to the other entrepreneurship program which may be similar as social entrepreneurship and it helps those practitioners in deciding the appropriate social entrepreneurship program to be practiced for targeted segmenting participant.

## **1.8 Summary**

This chapter is structure as the introduction for this study. The topic for this research is the effectiveness element of social entrepreneurship to overcome urban poverty. This chapter has included introduction and background of study, problem statement, research objectives, and research questions, scope of the study, several limitations and importance of the study. There have 3 problem statement about this research. The research question is more about defined the best element to choose and can overcome urban poverty. The scope of the study will identify the effectiveness element in social entrepreneurship that can help overcome urban poverty. Also this research will focus at Johor State. The next chapter, chapter 2 will discuss about literature review. The more detailed about the element and the researcher will test all element and find the best element.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

In the chapter, researcher will discuss the relevant theories that used as secondary data. The researcher will focus on the definition and element of social entrepreneurship. Besides, the researcher will discuss the urban poverty definition and its relationship to social entrepreneurship. All through the review of the writing, it builds up a reasonable vision with the better comprehension of understanding into the past work that identified with the research question and objective. Those written works on the component of social entrepreneurship to defeat urban poverty will be looked into and the conceptual framework will be introduced as the relationship between independent and dependent variable. The theory and hypothesis will be defined toward the finish of this chapter.

## 2.1 Entrepreneurship

Entrepreneurship is characterized as the procedure by which individual seek opportunities without respect to resources they right now control (Bruce R. Barringer, 2012). Meanwhile Elisabeth Sundin, 2011 said that entrepreneur and entrepreneurship are ideas which are regularly utilized, and which these days, have a firm constructive association in the political verbal confrontation. Entrepreneur and entrepreneurship, be that as it may, have been examined prior and from various perspectives, as have social and group entrepreneurs and entrepreneurship (Elisabeth Sundin, 2011). Entrepreneurship is basically imaginative in nature. It involves investigation, abuse and start of new things, better approaches for getting things done, new strategies for generation, new utilize and new markets for products and services (Ismail K. et al, 2012).

Entrepreneurship is the procedure whereby an individual or a gathering of people utilize composed endeavors and intends to seek after chances to make esteem and develop by satisfying needs and needs through innovation and uniqueness, regardless of what resources are presently controlled (Coulter, 2001). Entrepreneurship implies an endeavor by an individual, a group of people, or a built up private or open substance in any of the accompanying exercises or zones (Jesús et. al, 2016). Besides that, entrepreneurship is a dynamic process of vision, change and creation (Kuratko and Hodgetts, 2004). According to Ben Casnocha (2011) and Steve Blank (2011), there are 4 type of entrepreneurship which is, Small Business Entrepreneurship, Scalable Startup Entrepreneurship, Large Company Entrepreneurship and Social Entrepreneurship. The word “entrepreneur” is often used as a synonym for the owner of a small firm – or perhaps often the otherway around – someone who establishes a firm and/or is self-employed is talked about as being an entrepreneur, (Elisabeth Sundin, 2011).