

Multiplying social impact through innovating the social sector in Malaysia



Agensi Inovasi Malaysia

<http://innovation.my>

Multiplying social impact through Innovating Social Sector is one of the many initiatives under Agensi Inovasi Malaysia. The vision is to foster Malaysia that is socially advanced and balanced in tandem with economic progress and developed nation status. To achieve this vision, the initiative is working on projects that would enable ecosystem where social sector becomes innovative and more professionalised to create greater impact to the society.

Social Public-Private Partnership (Social PPP) is the second project under the initiative. The Social Impact Innovation Challenge, held in 2014 was the first project under the BB initiative and it looked into building the demand side of the ecosystem.

Social Public-Private Partnership (Social PPP)

Why do we need Social PPP?

Although the country is developing economically, social development is not growing at the same pace resulting in sections of society that are marginalised. Rapid progress has also caused the social environment to evolve and Malaysia, like many other countries, is finding its societal dynamics becoming increasingly complex.

Despite of various efforts, Government alone cannot address all social issues. Traditional ways of delivering social services are not fully effective, and consume a huge portion of public expenditure. In addition, although the role that private corporations play through their Corporate Social Responsibilities (CSR) is commendable, they are unable to address systemic social ills. In addition, social purpose organisations continue to combat social struggles faced by the Rakyat but they often lack the resources and professionalism to scale and achieve wide impact.

What is Social PPP?

Social PPP is an initiative under the National Blue Ocean Strategy (NBOS). Social PPP taps into the strengths of the government, the private sector and the social sector to address social disparities by looking at new ways of delivering social service. Social PPP strives towards 'strengthening collaboration through a whole-society approach', as part of strategies for 'Translating Innovation to Wealth', which is one of the six game changers put forth in the 11th Malaysia Plan.

What is the NBOS?

NBOS initiatives provide a creative and systematic way to create high-value impact at low cost, with various ministries and agencies collaborating towards developing and implementing numerous

programmes to help stimulate rapid and sustained growth, develop communities and create harmony. Professor Chan Kim, business theorist and co-author of the book Blue Ocean Strategy, has announced Social PPP at the NBOS summit on 26th February 2015.

Who are the partners in Social PPP?

The partnership consists of the government and the private sector as follows:

Government:

- a) Agensi Inovasi Malaysia
- b) Unit Kerjasama Awam Swasta

Private sector:

- a) Credit Suisse
- b) Hap Seng Consolidated Berhad
- c) Hong Leong Foundation
- d) IOI Group
- e) Prudential
- f) Westports Malaysia Sdn Bhd
- g) Yayasan Siti Sapura Husin
- h) YTL Foundation

About eight companies are working together as a grouping known as the 'collective impact'. These companies are Credit Suisse, Hap Seng Consolidated Sdn Bhd, Hong Leong Foundation, IOI Group, Prudential, Westports Malaysia Sdn Bhd, Yayasan Siti Sapura Husin and YTL Foundation.

What other government ministries or agencies are involved?

This initiative is also to be carried out in collaboration with other government ministries and agencies such as the Malaysian Global Innovation & Creativity Centre (MaGIC), the Ministry of Women, Family and Community Development (MWFCD), Ministry of Youth and Sports (MYS), National Strategic Unit (NSU), 1M4U and the Registry of Societies (ROS).

How does Social PPP works?

In Social PPP, the government and the private sector will be aligning resources to support the social sector to come up with creative and effective interventions on three social issues. Social-purpose organisations (SPOs) such as non-governmental organisations and social enterprises will be supported as follows:

- Funding: a grant will be provided which will be managed by a leading SPO and shared with other SPOs working on the same project.
- Professional development: MaGIC's Social Entrepreneurship unit will provide capacity-building to SPOs to ensure that the projects are professionally managed and administered.
- Collaboration networks: leading SPOs will need to work with other SPOs so that interventions are scaled-up more effectively to deliver better impact to their target beneficiaries.
- Impact measurement: SPOs will use an impact measurement toolkit to track their performance and report on it.

What are the initial projects for Social PPP?

There are four initial projects for Social PPP and they relate to education and capability development for youth and disadvantaged people. Three projects under the 'collective impact' will be looking at improving education holistically in Klang. Digi Telecommunications Sdn Bhd is looking at community impact projects that use internet-enabled technology services.

What is the intended impact of Social PPP?

With the Social PPP, the goal is that specific needs of disadvantaged people are met through innovative and engaging inter-

vention by localised SPOs with better skills and stronger support network.

What does the future hold for Social PPP?

As the outcomes from interventions are evaluated through impact measurement, having data on the effectiveness of a project towards the beneficiaries will be pivotal. The measurement data will allow for decisions to be made on various projects, being cognisant of its impact, sustainability and innovativeness.

It is hoped that the success of the pilot for Social PPP will encourage larger participation from the government and the private sector as this allows for multiplier effects to be created. Social PPP currently taps on the resources of CSR, but it has the potential to tap into other resources such as venture philanthropy and social impact investing, besides the resources provided by the government. This could pave the way for future social financing models.

Greater participation from all sectors allows for increases in scale, allowing replications of successful projects in other areas and maximisation of impact to the targeted recipients. As more SPOs go through capacity development, this also enables the professionalisation of the sector and leads to greater effectiveness of social service delivery over time.

Asia Pacific Energy Portal

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) recently launched an innovative new online portal that will provide unprecedented access to information on the energy policies of countries in Asia and the Pacific, and advance the sustainable energy agenda in the region. The Asia Pacific Energy Portal offers member States powerful tools, including highly interactive data visualizations that enable rapid trends identification as well as policy tracking and search. The unique combination of data and policy information in one application will help improve analysis of the energy situation, policies and their development impact. Alongside the portal, ESCAP also launched the first annual *Regional Trends Report on Energy for Sustainable Development in Asia and the Pacific*. The Report provides an additional platform for member States to share their experiences through case studies regarding the energy sector and its future development.

Launching the report and the portal Dr. Shamshad Akhtar, United Nations Under-Secretary General and Executive Secretary of ESCAP explained that the report and the portal are part of the three pillars of the Asia Pacific Energy Forum (APEF) Implementation Support Mechanism set up by ESCAP in 2013. "The portal will continue to evolve to further expand the knowledge base supporting both the regional and global agendas such as the Sustainable Energy for All initiative and the sustainable development goals," said Dr. Akhtar. "Future development will include incorporation of more data and the creation of energy resource and infrastructure maps. The portal could also be linked in the future with the regional data repository on Sustainable Energy for All in the Pacific." Dr. Akhtar emphasized that APEF and its outcome documents demonstrate the commitment of ESCAP member States to cooperate on a common energy agenda that seeks a cleaner, more efficient, equitable, and secure energy future. "ESCAP is committed to support member State cooperation on a common energy agenda for shared prosperity, social equity and sustainability," she added.

For more information about the portal, access:

<http://www.asiapacificenergy.org>

Innovation for business in India



Business Portal of India

<http://www.archive.india.gov.in>

Importance or benefits

In the ever-changing world, innovation is the only key which can sustain a long-run growth of the country. More and more firms are realising the importance of innovation to gain competitive advantage. Accordingly, they are engaging themselves in various innovative activities, ranging from manufacturing processes, product improvement, brand building initiatives to customer satisfaction. Today, business environment has become very dynamic with more demanding customers and intense market competition. To meet this, firms are creating new products, solutions and services that provide a radically better experience for the consumers.

Innovation is not only about technology, but is also about understanding and exploring untapped user needs that require to be addressed in an efficient manner. It must occur at every stage of a product or solution development and release cycle. Thus, managing innovation is fast becoming priority in a global business environment.

Firms that innovate tends to survive and grow to a greater extent. The most successful individuals, managers and team leaders in latest business world are the ones who are not only innovative in their own work, but also encourage and assist others to be innovative in every aspect of their work.

Some of the key innovation areas are product development and improvement, manufacturing processes, creating entirely new set of products and so on. In area of supply chain management, innovations help in making the supply chain more responsive, flexible and efficient. Supply chain innovation can be used to reduce costs, offer better assortment of customer centric products, decreasing time to market and driving growth.

Innovation is the main idea in shaping corporate life and helping companies to adopt various strategic options. It helps to reduce total cost of production, increase income avenues, maintain efficient operating systems and so on. It enables to see potential acquisitions not only on cost basis, but also as a means of accelerating profitable top-line revenue growth and enhancing capabilities. It also expands R&D base of the country and brings latest technologies into the country. It also provides an edge in being able to enter new markets faster and deeper.

Thus, the term 'innovation' is rightly referred to as changes to products, services, processes or business models. To continue their growth and to attain newer heights, Indian firms need to recognise the importance of 'innovation' for maintaining their competitive edge and fuelling further growth. Innovation may

be linked to performance and growth through improvements in efficiency, productivity, quality, competitive positioning, market share and so on.

Problems and challenges

Innovators face problems and challenges mainly in the areas of financial assistance and marketing of their innovation. In other words, it involves the following:

- Securing the right kind of finance is key to delivering innovation. Prevailing asymmetry between inventors and investors is required to be bridged. Financing systems for backing up early-stage innovations with risk capital are required. In addition, provisions for exiting from non-profitable innovations also need to be made.
- Innovations created at the expense of considerable investment of resources, demand a matching Intellectual Property Rights (IPR) regime.
- The legal framework for protecting IPR is in place but the infrastructure for capturing and protecting IPR is still evolving in India.
- New approaches, programmes and policies are essential for unleashing India's innovation potential.
- Competitiveness innovation cluster has emerged as a successful global concept, in which academia, research and industry partner under viable and equitable pattern, are the way forward.

Innovations that fail are often potentially good ideas but have been rejected or postponed due to budgetary constraints, lack of skills or poor fit with current goals. Failures should be identified and screened out in the process as early as possible. Early screening avoids unsuitable ideas devouring scarce resources that are needed to progress more beneficial ones. Although learning is important, high-failure rates throughout the innovation process are wasteful.

The causes of failure have been widely researched and can vary considerably. Some causes will be external and others will be internal. Internal causes of failure relate to those associated with the innovation process itself. Common causes of failure within the innovation process in most organisations can be divided into five types, which are as follows:

- Poor goal definition
- Poor alignment of actions to goals

- Poor participation in teams
- Poor monitoring of results
- Poor communication and access to information

Gaining full benefits of innovation require an effective and efficient framework across a wide range of policy areas, calling for an integrated approach and cooperation among business, governments and society.

Government support

There is a need to make continuous efforts, on the part of both Central and State Governments, so as to develop and promote various innovations and technologies in India as well as to spread these to the worldwide markets. The Central authority responsible for this in India is the 'Ministry of Science and Technology'. The Department of Science and Technology (DST) and Department of Scientific and Industrial Research (DSIR) are its two nodal agencies that are responsible for promoting science and technology (S&T) activities in the country as well as for supporting inventors/entrepreneurs in their pursuits. National Innovation Foundation (NIF) has also been established to encourage Indian innovators by providing them adequate institutional support.

These central agencies, along with efforts of States/Union Territories, have been undertaking many policy initiatives and measures as well as announcing many schemes and programmes with a view to promote innovation and S&T in the country. Some of the prominent ones are Technology Promotion, Development and Utilization (TDPU) Programme, Technology Development and Innovation Programme (TDIP), Science and Technology (S&T) Policy, National Innovation Act (2008) and so on. All such incentives aim to accelerate economic growth of Indian economy and improve the standard of living of the people.

Suggestions and future prospects

There is a vast untapped potential in India for wealth creation by increasing the levels of innovation content in the entire economic development activities of the country. It is a tall call but an essential one, if the current levels of growth of GDP were to be maintained over the next two decades. Innovation will also be a key for sustainability – the ability to meet developmental objectives while ensuring sustainable use of natural resources.

Often missing within discussions of innovation is the role of innovation for directly improving the livelihood or quality of life of the poor. The general assumption is that the market mechanism will take care of this. However, innovation may also be important for the delivery of, and access to, services that are essential for a quality of life; whether it is clean water, modern energy or affordable health care.

Faster growth in a globally competitive market environment demands a national innovation infrastructure that connects knowledge systems to wealth creation efficiently and effectively. In the

Indian social context, there is a need to ensure that innovative growth-linked processes do not bypass the poor and leave them out of developmental choices emanating from the benefits of globally competitive innovations. The innovation infrastructure of India should aim to bridge the internal asymmetries and serve the dual purpose associated with global competitiveness and inclusive growth.

Both pro-poor and global competitiveness objectives should be embedded in the search for innovations. The number of grass-root innovators in the informal sector in India is large. However, grass-root innovations are not able to reap sufficient economic benefits for want of backing with adequate resources. The innovation infrastructure in the formal sector is thin. It requires deepening by referencing to global best practices and market demands. Such an innovation infrastructure would depend strongly on a vibrant and gainful public-private partnership in R&D as well as commercialisation of innovations.

The design and development of a sustainable innovation infrastructure should take into account global best practices, attraction, attachment, retention and renovation of talent within the R&D streams, public private partnerships, venture and angel financing and capacity building. The realisation of Indian Vision 2025 to emerge as a major economic power in the global knowledge economy would call for a sustainable innovation infrastructure.

In order to unleash our full innovative potential, we need to put in place a National Innovation policy, which encourages competition among enterprises, greater diffusion of knowledge and increased support to early stage technology development initiatives and grass-root level innovators. There is a need to foster increased collaboration among R&D institutes, universities and private sector enterprises and leverage on their cumulative strengths in designing and implementing various innovation programmes. There is also a need for an appropriate legislative framework for incentivising the innovators and commercialisation of public funded R&D, where the government, the recipient(s) of funds, the inventor, as well as the public benefit from the protection and commercialisation of intellectual property.

At the root of innovation is invention, which is an essential creative step that cannot really be directed or forced. However, there is much that can be done to facilitate this initial step and the many subsequent steps that will ultimately yield the value to society from the invention. These steps are not isolated or distinct from one another; therefore, it is more appropriate to think of a comprehensive innovation policy, rather than a policy that is aimed at only one of the steps in the process or elements of the innovation system. Innovation policy needs to be placed within the broader social and economic context, informed by goals and aspirations of development and should reflect a fair and effective balance between public and private interests, social and economic goals and inclusiveness versus rapidity.