



## Effective Social Incubation

### - First Insights from Asia

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#### Summary:

Asia is simultaneously facing huge growth potential and increasing inequalities with often weak national solutions to the social issues at hand. Social purpose organisations (SPOs) – which include but is not limited to non-profit organisations, charities and social enterprises – are seen to solve these issues sustainably. Social incubation is seen as a tool to help SPOs grow and potentially build a pipeline for social investors. Yet, how does social incubation in Asia work?

These are the first insights from surveying **15 social incubators in Indonesia, Thailand, India, Japan, China, Taiwan, Hong Kong and Singapore** which have been operating for over two years and more.

Are they effective? The strongest indicator was that seven out of ten incubators report that their graduating SPOs have progressed by at least one to three stages from entry to the incubator.

#### Key Takeaways:

##### The incubator's Operating Dependencies

- Effective incubation tends to be indicated by selectiveness of the incubator, success of the social organisations in securing follow-on funding and the graduates' sustainability.
- Selectiveness allows the incubator to focus on the potentially more successful SPOs. In our sample, 22.4% of applications are selected on average, similar to social incubator peers (21%).
- Follow-on funding for SPOs after graduation is critical for SPOs' sustainability and survival. In the 15 incubators, on average 47% of graduate social organisations secure follow-on funding.  
Data for sustainability of SPOs / incubatees after 2 years and beyond was however not available.
- Another critical ingredient for the incubator effectiveness is the extent of their networks. The incubators in the study had strong, diverse and local or regional networks.

##### The Incubation Programmes

- Regarding the programme and services provided, the intensity, length and content is critical for the success of the incubatees.
- Most common content provided was business skills while the least provided support was impact measurement.
- Graduation from the programme occurred either on a performance or time-bound basis.

## Human Capital

- Mentorship and diversity of mentorship was key to incubatees' success: the sample of incubators had on average 24 mentors and 13 full-time staff and a diverse set of professions and backgrounds to cater to diverse needs of incubatees.

## Key Takeaways for DBS Foundation:

- Incubators are important capacity builders for social enterprises – yet the incubation space itself is still nascent in Singapore. Funders that wish to build the capacity of social enterprises typically lack reference points to know which model of incubation they wish to support, and the realistic outcomes to expect.
- We inferred from this study that the relatively young sector may have affected the availability of data that is more than 2 years old, and the comparative selectiveness of social incubators, which is materially less selective than commercial incubators.
- We also learned that realistically, effective incubation is more likely evidenced as progress in social enterprise development, with only a minority ready for scale-ready funding.
- This study has helped us gain clearer understanding on how to assess the effectiveness of incubator programmes. Better understanding of effective social incubation is needed, to ensure that limited resources are deployed well and strong incubator programmes can stand out.
- Global studies have begun, led by Global Accelerator Learning Initiative and the Global Social Entrepreneurship Network – we hope this study of the Asian landscape complements those efforts.