

Case Study - Phare Performing Social Enterprise – Cambodia

General considerations

This is a summary report of an assessment of PPSE, based on the criteria of the Social Business Scorecard (SBS) developed by CERISE and its partners. The SBS social audit was carried out by CERISE in Decemberr 2014. For more details on the SBS social audit tool, go to www.cerise-sb.org.



- **Name:** Phare Performing Social Enterprise (PPSE)
- **Country:** Cambodge
- **Year operations began :** 2012
- **Sociale mission:** to help reduce poverty in Cambodia and promote access to education
- **Sector:** creative industry
- **Project initiators:** [Phare Ponleu Selpak](#) (PPS)
- **Target public:** the artists trained by PPSA
- **Status:** for-profit company that is registered with the Cambodian government
- **Shareholders:** PPS (71%), Grameen Crédit Agricole Foundation (16,1%), private investors.

Presentation of Phare Performing Social Enterprise

Established in 2012, **Phare Performing Social Enterprise** (PPSE) is a social business that creates, produces and diffuses artistic and cultural productions in Cambodia and abroad. PPSE hires artists who have graduated from the Association Phare Ponleu Selpak (PPSA) training classes. PPSA is a Cambodian NGO that was created in 1994 to provide education in the arts to young Cambodians to enhance their formal education. It currently receives some 1200 children in a 20-year-old public school in the Battambang area. A third of these children also take classes in the performing arts, visual arts, or music.

There are three lines of action:

- Providing paid jobs to Cambodian youth from socially and economically disadvantaged communities
- Guaranteeing the financial sustainability of its parent organisation, Association Phare Ponleu Selpak (PPSA)
- Supporting the revival of modern Cambodian art

PPSE's **vision** is to become the leading Cambodian provider of artistic entertainment in Southeast Asia and the leading social business that promotes the empowerment of young Cambodians pursuing professional artist careers, and to help its parent organisation PPSA become financially sustainable.



Corporate governance

PPSE is the financial arm of PPSA, the company's majority shareholder.

The PPSE **Board of Administration** has 7 members:

- Benedicte Guilbert, representing PPSA
- Vincent Drouillard, (President) representing PPS France¹
- Det Khuon, representing PPSA and cofounder of the school
- Jean-Luc Perron, representing the Grameen Crédit-Agricole Foundation
- Helene Sanakonine, representing the Grameen Crédit-Agricole Foundation
- Evie Diethelm, private investor
- Soeung Sotheart, representing PPSA

PPSE is currently under the direction of Mr. Dara Huot. To learn more about him, see footnote².

PPSE's target public

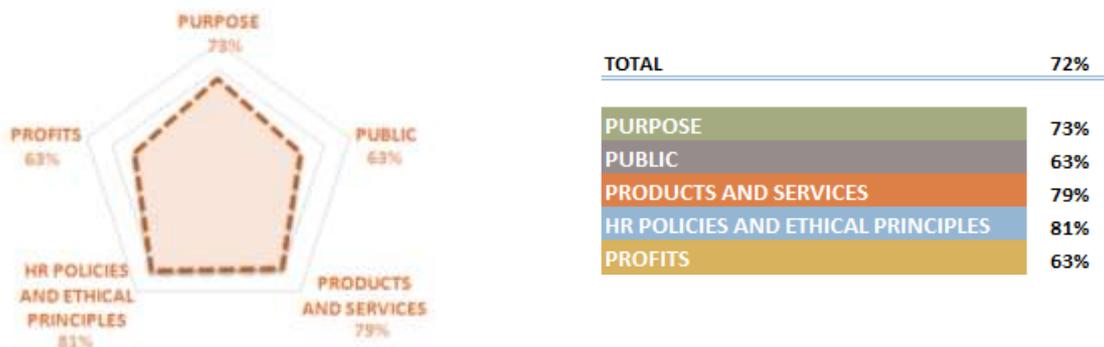
The first to benefit from PPSE services are the artists trained by PPSA.

PPSE provides these artists with job opportunities in Cambodia and abroad for decent pay, thirty times higher than the average pay for Cambodian artists.

PPSE also creates quality jobs and ensures that the spinoff from tourism benefits the local population. Its operations help to reinforce the Cambodian cultural identity and facilitate access to education for disadvantaged youth.

PPSE analysed using the Social Business Scorecard (SBS)

PPSE's case is an interesting one due to the unusual business sector, services proposed and corporate social goals. The elements below summarise the observations from the SBS analysis.



¹ PPS France: Phare Ponleu Selpak France is a French NGO that was founded in 2010 to provide support for the child protection programme and PPS projects through various initiatives: sponsoring children and collecting donations, organising events in France (exhibits and conferences), fundraising, support for training abroad for PPS students, hosting PPS-connected students and artists in France. <http://www.ppsfrance.org>

² <http://www.pharecambodiancircus.org/circus/our-fearless-leader-a-conversation-with-visionary-phare-ceo-dara-huot>

Project

The mission, vision and social goals are formulated in PPSE's main strategic documents, in particular via a social charter that spells out the company's social commitments.

These commitments are shared and supported by its stakeholders:

- the shareholders, for whom there is an agreement to ensure that the PPSE social mission is safeguarded and adhered to. The PPSE social charter is also included in this shareholders' agreement;
- the artists, who helped define the PPSE vision, mission and values during a strategic review exercise;
- the employees who, when they join the company, receive an Employee Handbook to familiarise them with PPSE values.

Values:

Our values serve as principles, code of conduct and moral yardsticks to guide us in our conduct within the company and with external parties. We are:

Passionate: We are passionate about our work & our cause and we believe that having a fun environment will encourage free flow of ideas and creativity.

Creative: being creative and innovative are key to our success. We will always push boundaries, constantly innovate to remain fresh and unexpected and provide a one of its kind experience to our audience. This is achieved by having an open and free work environment.

Respectful: treat everyone with equality, dignity and respect regardless of position, gender, race, religion, sexuality or seniority. We will be kind to everyone, to have empathy and to be understanding and no form of abuse (verbal, physical, sexual, mental or financial) will be tolerated in this company.

Honest: we believe in approaching all matters in an objective, logical, fair & just manner, focus solely on facts.

Cooperative: to achieve greatness, we need to work as a closely knitted team, leveraging on each other's strengths. Department silos and group mentality have no place in our company.

Balanced: we believe in working smart, not working hard. We want all employees to have "me" time and family time, which are crucial for our well-being and provide us the support to continuously strive for the best at work.

At the time of the audit (November 2014), no social indicators had yet been defined to help determine whether or not the social goals are actually reached. These are to be validated by the PPSE Management Board (in particular based on the social business audit) and applied in 2016, as scheduled in the PPSE social charter.

Public

The main target of PPSE activities is an at-risk population of young Cambodian artists pursuing professional careers. By providing them professional opportunities through paid work and support throughout their career development, PPSE is addressing an **upstream market** (upstream with respect to the value chain)³.

³ The scorecard distinguishes between upstream market (e.g. employees on work placement in the case of the Relais) and downstream market (product end users, e.g. children who consume micronutrient-enriched yoghurt in the case of Grameen Danone Foods).

The artists are all former students, most of them trained by the PPSA Association in the circus trades. The school run by PPSA grew out of Battambang's underprivileged neighbourhoods. Most of the young people receiving PPSA training belong to the neighbouring community and usually come from underprivileged backgrounds (orphans, street children, children growing up in a difficult family setting), even though PPSE has made it clear that it wants to foster social diversity within the student cohorts. Such diversity contributes to the social integration of the poorest beneficiaries. So from the beginning, PPSA has had an open-door policy vis-à-vis all backgrounds and social classes.

There is work to be done for PPSA through a social worker network to promote the school's initiatives in the surrounding rural areas and increase the awareness of families on the importance of education. This would facilitate access to the school's training for disadvantaged youth.

The better to support the beneficiaries and monitor the impact over time of PPSE activities on their living conditions, a formal tool for assessing the artists' socio-economic profiles is scheduled to come out in 2016.

Products

Through its services, PPSE helps to organise a creative industry. The delivery mechanism for these services is rather innovative for Cambodia and more generally, Asia. For one thing, the beneficiaries are involved in the design of these services at different levels:

- Groups of beneficiary artists create the shows they present for audiences under PPSE's big top in Siem Reap, at private events, or on tour abroad.
- The management team conducts regular individual meetings with the artists to assess beneficiary satisfaction. Reasons for beneficiary drop-outs could be a subject of discussion on such occasions, for example.

Another unusual thing is that artists under contract to PPSE earn much more than on average for artists working in Cambodia⁴. The salaries have recently even been adjusted upwards to take the artists' needs into consideration.

The artists also receive vocational training from PPSA teachers or through partnerships concluded with schools abroad. They are also offered professional traineeships at the headquarters to enable them to acquire skills that round off their artistic training (e.g. human resources, management, finance) and broaden their range of job opportunities.

HR policies

The artists hired by PPSE are offered one of two types of work contract: exclusive or non-exclusive.

Under the terms of an exclusive contract (the more common one), the artist does not undertake to work exclusively for PPSE for the entire term of the contract. PPSE represents them to ensure the fair and gainful remuneration and employment from the employer for Phare artists. For each performance, the artist receives a set fee and health/accident insurance for him and two members of his family.

PPSE's human resource policy is explained in detail in the Employee Handbook, which must be signed by each employee. It includes a code of conduct and explains specific confidentiality aspects and complaint handling procedures.

PPSE employees come mostly from the Khmer communities, and benefit from local work contracts and health/accident insurance. The work contracts define the responsibilities of each employee and the employment arrangements: terms and conditions, place of work, hours, pay, social benefits, rights, health and safety policy, termination conditions.

The PPSE team includes a number of expatriate managers and employees. Most of these are under a local work contract with PPSE, or work for PPSE as international volunteers.

⁴ According to a study published in August 2014 by Cambodian Living Arts, "Training & employment needs assessment on Cambodian performing arts sector".

PPSE subsidizes the costs of health and accident insurance for its foreign employees. PPSE has also come up with a security policy at work and employees are trained in emergency procedures several times a year.

Staff wages and salaries are in accordance with minimum wage laws. Salaries are set on a case-by-case basis and are reviewed each year as a function of the annual budget and team performance.

However, PPSE does not have a clear pay scale that is accessible to company employees. Employees are prohibited from revealing their salary (as is explained in a confidentiality clause in the Employee Handbook). There is also a significant disparity between the lowest and highest salaries (1:23).

The HR department assesses staff training needs annually, based on individual interviews with employees and team leaders. Employees are offered regular training courses (for example, the sales department team received training in 2014 on customer relation issues).

These individual interviews also provide an opportunity for the HR department to assess employee satisfaction. Each employee who leaves the company is also interviewed to identify the reasons for the departure.

Ethical principles

Environmental policy: PPSE has set up a number of environmental protection initiatives, e.g. promoting the use of recycled objects and LEDs in the performances and entering into partnerships to reduce the environmental impact of its activities (the use of biofuels).

PPSE also participates in local actions to increase community awareness on environmental issues.

Responsibility towards the community: PPSE uses its model to help organise the local performing arts industry by promoting Cambodian skills (of both the artists and the staff at headquarters – the latter will eventually be made up uniquely of Khmer employees). Regional identity is a focus of the themes covered in the shows, both in Cambodia and abroad. In Siem Reap, the seat of Cambodian tourism, PPSE plays a crucial role as the promoter of high-quality local cultural productions for a sophisticated demand.

Financial and fiscal accountability: PPSE's financial accounts are audited each year and made available to its stakeholders, although they are not made public. No tax violations were observed.

Profits

The strategy PPSE defined and implemented to reach its social goals is based on a robust economic model, with financial forecasts that are consistent with the social mission highlighting the sustainability of the mission.

The company has operated for a bit longer than two years and is close to its break-even point, scheduled for 2015⁵.

The company's financial structure is transparent and is shown on the PPSE web page: <http://pharecircus.org/>

PPSE's social charter establishes the pursuit of economic and financial sustainability as a basic principle. Under the charter, profit maximization is not a main objective. The social charter also frames the use of dividends by shareholders – the total amount must be allocated to a social project and in no case for personal gain. According to financial forecasts, dividends of up to 15% of profits should be paid starting in 2016. The exact dividend amounts paid out will be discussed later by the Management Board.

To guarantee the sustainability of the social mission, the social charter and the shareholders' agreement frame the shareownership structure and the conditions for shareholder withdrawal: in theory, PPSA will remain the majority shareholder for



⁵ The break-even point was finally reached before the target date set by the financial forecasts.

PPSE for the next 99 years, barring any exposure to unwarranted risk for PPSA or PPSE.

Partnership

The two partner organisations PPSE and PPSA work in synergy and appear to reinforce each other: PPSA provides long-term quality training to the artists along with follow-up, and expertise and technical support for PPSE.

PPSE provides job opportunities for the professional artists trained by PPSA.

PPSE also pays PPSA royalties, acting as the association's financial arm.

PPSE also relies on partnerships with foreign art schools to reinforce the artists' training and on various performing arts production companies, including Phare Ponleu Selpak International and [Clowns d'ici et d'ailleurs](#).

Cross-sectional analysis

Strengths:

Formal social commitments

Innovative social mission that is relevant in the Cambodian context

Strong social and cultural roots

Profit management clearly formulated

Areas for concern:

HR policies need to be reinforced, in particular where employee salaries and the wage scale are concerned

The targeting strategy requires monitoring to ensure that the project continues to focus on disadvantaged populations even if the social diversity policy promotes reaching out to all backgrounds and social classes.