

Article

Rise of Social Business in Developing Nations for Sustainable Livelihood.

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Abstract

A Social Enterprise may be defined as an organization that applies commercial strategies to maximize improvements in human and environmental well-being. Grameen bank, could be a good example which is founded in 1976, has both pioneered the development of micro-finance, and created nearly 30 businesses designed to alleviate poverty. The article traces the gradual development of Grameen's expertise in formulating social business models, which require new value propositions, value constellations and profit equations, and as such, resembles business model innovation. The article presents five lessons learned from this experience: three are similar to those of conventional business model innovation -- challenging conventional thinking, finding complementary partners and undertaking continuous experimentation; two are specific to social business models: recruiting social-profit-oriented shareholders, and specifying social profit objectives clearly and early. Moreover, the experiences of other researchers on operating strategies (Andrew 2014, Mair and Martí, 2006; Trivedi and Stokols, 2011), structures and integration among profit and non-profit organizations to support (charity initiatives) to benefit the poor for sustainable economic livelihood. The author suggests that these new business models -- where stakeholders replace shareholders as the focus of value maximization -- could empower capitalism to address overwhelming global concerns, particularly the poor society.

Keywords: Social business, Strategic innovation, corporate social responsibility, business model, social business model.

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Rise of Social Business in Bangladesh and the Impact of Grameen Bank

Executive Summary

The social business concept evolved out of Muhammad's mission to combat poverty in Bangladesh in the 1970s where he lived and worked. He believed that "*poverty is not created by poor people. It is created by the system we have built*" and made it his mission, one small step at a time to help the poorest people free themselves from unfair credit arrangements with local moneylenders, simply by providing them with small 'micro' loans on ethical and practical terms which enabled them to pay back the loans. Over time Muhammad showed that loans on fair terms were being repaid with at very high rates. In doing so he proved that it was a viable business model to lend to the poor which was contrary to the beliefs of commercial banks and money lenders. He embarked on a journey to set up a bank for the poor and called it Grameen Bank or "village bank" in Bengali, and as at December 2015 the bank had over 8.8 million village borrowers from all over Bangladesh (M.Yunus 2010).

Grameen Bank has since partnered with many well-known global companies to implement social businesses. The first partnership was with Danone, its mission was to combat malnutrition amongst children in Bangladesh by producing yoghurt that is enriched with micro-nutrients that are missing from their diet and affordable to the poor. Grameen Adidas is another example of a joint venture set up as a social business with the aim to produce affordable shoes for the poor to prevent parasitic diseases that can be transmitted by walking barefoot. Both ventures measure success against how far they have achieved its social mission, so for Grameen and Danone, it is the number of children lifted out of malnutrition each year rather than the profits generated (M.Yunus 2010). Unfortunately, the global legal and financial frameworks still separate the rules governing business rates and tax reliefs between the two conventional types of organisations, the profit-seeking and not-for-profit or charity. This inflexibility means the system is not set up to accommodate or even promote the concept of a social business, but some countries are introducing other types of special companies to start bridging this gap. For example, in the UK Community Investment Companies (CIC) have been available since 2005. Although the CIC framework allows profit maximisation through means like dividends it has become a popular way for businesses to set up if they have a social mission. However, CICs are regulated in a similar way to charities and

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do not receive the tax or business rate reliefs that charities do. Nevertheless, CICs are helping people think differently about business and engaging local people in enriching community life. A good example of a CIC is the Deptford Cinema CIC which is a not for profit community led project bringing affordable creative cinema to the Lewisham borough. But unlike a social business, it relies on donations and volunteers to sustain itself and without the added benefited of reliefs if it were a charity. But the hope is if we can build momentum to set up social businesses the rules will follow to promote this innovative concept that benefits all the parties involved (M.Yunus 2010, p. 118)

Introduction

A Social Enterprise may be defined as an organization that applies commercial strategies to maximize improvements in human and environmental well-being. This may include maximizing social impact alongside profits for shareholders (Kramer, M. 2011). The poor have knowledge, but, lacked chances. If the concept of social business well communicated to the poor community both in developing and developed countries, they could make poverty history. Practitioners and non-governmental organizations commit themselves to teach, equip and develop the society with social business skills. In developing countries empowering the poor with necessary skill and knowledge could bring about lasting economic and social changes in their livelihood. The poor, needs to understand the concept of social business and entrepreneurship to get out of poverty. Social entrepreneurship has grown rapidly in many developing and developed countries to fill the gaps in social services in the past decade (Littlewood and Holt, 2015; Sepulveda, 2015). It helps to increase employment opportunities and solve public problems, thus promoting work integration and the economic development of a community (Bornstein, 2004).

Operating Strategy

Charities should devise to integrate and establish partnership with the organization who values the importance of social enterprise in their working strategies. As stated by Andrew (2014) social enterprise business models need to include an operating strategy and a resource strategy to achieve their objectives. The operating strategy should include

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the internal organizational structure and the external partnerships with charities to achieve and build social business to ensure sustainable livelihood. The author shading light that three methods of integrating the social enterprise with a non- profit organisation. Models where the social enterprise and the not for profit are the same entity, with the core business being to serve clients are known as Embedded. Where the social enterprise business activities overlap with the social programs and the business activities raise funds and enhance the mission of the organisation the model is known as Integrated. Where social and business activities are separate and business activities are mainly used to fund the activities of the not for profit they are known as External.

Lessons from Ethiopia

Entrepreneurs are engaged in number of sectorial social businesses activities. For example, water bottling, beekeeping, food processing, manufacturing and etc. The strategies of the companies are lacking integrating the business activities with the social business model as stated by (Andrew 2014). The community is the customer of the business entities in the operation areas. The ultimate strategy of the business enterprise is profit maximization instead of benefiting the poor community to reduce poverty and enhance sustainable livelihood in the society as corporate social responsible (CSR) entity. Frooman, (1997) asserted and shade light that the business models shouldn't overlook to discharge their corporate social responsibility mandate to benefit the society to adhere the global and local ethical standards. For example, in Ethiopia, the clients/customers in the operation area only engage in labor work in the enterprise, but not considered as business partners of the social business.

The structure of the Non-profit organizations are weak to integrate social enterprise strategy, to maximize opportunities, but, only looking for external donors support to address the all development issues in the society. Traditionally there is a lack of adopting and integrating the social business model for non-for-profit mission to ensure sustainable community development program to empower the poor. To establish social business model, the existing social capital of the community could be a good strategy to develop and recognize the helping culture of the society to promote social business in Ethiopia

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(Lee, M. 2008). Development practitioners need to strengthen the existing practices of the social norm and values of the society for development. The developing nations, for example, the Bangladesh society demonstrated the concept of social business strategy to ensure sustainable livelihood and community development in all levels. The donors' architects and the dynamic nature of financiers are changing their policies, and the environment of the voluntary sector significantly changes over time due to the economic, political, social and technological factors.

It is evident that the traditional way of supporting poor communities through NGOs and project support is less favored by donors, and the international communities. The global trends of development cooperation currently focus on promoting business and trade than aid. There is a dynamic change observed as a 'paradigm shift' in development thinking from aid to build the concept of social enterprise and induce empowerment in the society. It is equally important for development practitioners and local development agencies to change their mindset or perspectives from the traditional aid thinking to social enterprise model in the community. Business planning should always include social business enterprise model as part of sustainable livelihood strategy. The current economic crisis that happens in donor countries has been greatly affecting the functioning of national NGOs and sustainability of their development programs. In the meantime, the financial and economic crisis in developed world could be an awakening call for all developing countries and practitioners to think and plan differently and innovatively to manage the unforeseen development crisis in our social world.

To remain competitive and responsive to the external and internal changes the development practitioners and organizations need to induce innovative and relevant development approaches that give due emphasis for social entrepreneurship and local resource mobilization. Learning from the global financial crisis, for example, NGOs such as Emmanuel Development Association (EDA) has developed local resource mobilization strategy in Ethiopia and introduced the concept of community-led development and social business enterprise in to its overall organizational development approaches to ensure sustainable economic and livelihood program in Ethiopia. The approach EDA is using

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Public Private Partnership (PPP) model to collaborate with private firms, such as banks and different private companies in Ethiopia.

Social enterprise is development approach through which EDA's beneficiaries also engaged in income generating activities, such as integrating WASH with livelihood, urban agriculture with fishing schemes, and invest the profit thereof for social development. This approach enables charity organizations to become self-sufficient through mobilizing resources from local level (source) and thereby ensure sustainability of their development interventions. On the other hand, the social capitals of the community (helping and supporting each other) have high value and contribution for the successful implementation of their social business enterprise.

Adler P, Kwon S-W (2002) asserted that the concept of social capital is a widely recognized key variable in explaining the probability, survival and success of new business ventures in the community. As such, it has also attracted the attention of policy-makers, who aim to promote new business venturing as a strategy to improve economic performance in their constituency. An instrument in their arsenal is, therefore, to ferment such social capital by forging links between inventors, potential entrepreneurs, venture capitalists and related key actors' such as NGOs and community based organizations to initiate the scheme and avail resources. Social capital could give more strength the social business enterprise concept for structuring to the best interest of the society or community. For example, to structure a for-profit or non-profit, and may take the form of a co-operative, a social business, a benefit corporation, a community interest company or a charity organization. They can also take more conventional structures (Haverkort 2016).

However, in Ethiopia, such workable structure is not exist between the profit and non-for profit organizations to benefit the poor society. Lessons could be learned and adopted from the United States, the United Kingdom and other European countries. According to Haverkort (2016), the term Social Enterprise has a mixed and contested heritage due to its philanthropic roots in the United States, and cooperative roots in the United Kingdom, European Union and Asia. Moreover, in the US, the term is associated with 'doing charity by doing trade', rather than 'doing charity while doing trade'. In other countries, there is a much stronger emphasis on community

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organising and democratic control of capital and mutual principles, rather than philanthropy. In recent years, there has been a rise in the concept of social purpose businesses which pursue social responsibility directly, or raise funds for charitable projects.

Sloan shades light and defined the concept differently based on disciplinary focus (Sloan *et al.* , 2014), social entrepreneurship is known for its mission of contributing social and economic value to society through innovative and sustainable businesses, thus distinguishing itself from profit-oriented entrepreneurship (Mair and Martí, 2006; Trivedi and Stokols, 2011). From the structural decisions perspective, Young (2003) pointed out that social entrepreneurship exhibits the characteristics not only of NPOs, but also of commercial organizations. In reviewing the attributes of social enterprises identified in prior studies, the researchers noted several common yet salient aspects: in particular, social enterprise is led by risk-taking and innovative agents who have a clearly defined mission of creating social and economic value for society and who recognize and capture new opportunities to make social changes supported by profitable business operations (Dees, 2001; Peredo and McLean, 2006; Alter, 2007). Furthermore, some studies have identified critical success factors for social or environmental ventures, including leadership, business planning, innovation of products, effective management, macro environments and industry structures (Sharir and Lerner, 2006; Shaw, 2004). Clearly, in addition to passion for creating social value, strong business skills are critical to the sustainability of social enterprise both in profit and non-for profit industries.

Learning from Bangladesh Scholar and Social Entrepreneur

Muhammad Yunus is a Bangladeshi social entrepreneur, banker, economist, and civil society leader who was awarded the Nobel Peace Prize for founding the Grameen Bank and pioneering the concepts of Microcredit and microfinance. These loans are given to entrepreneurs too poor to qualify for traditional bank loans. In 2006, Yunus and the Grameen Bank were jointly awarded the Nobel Peace Prize "for their efforts through microcredit to create economic and social development from below". The Norwegian Noble Committee said that "lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty" and that "across cultures and civilizations, Yunus and Grameen Bank have shown that even the poorest of

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the poor can work to bring about their own development." According to Nobel Peace Prize October 2006, Yunus has received several other national and international honors. Moreover, he received the United States Presidential Medal of Freedom in 2009 and the Congressional Gold Medal in 2010 (Speaker Ryan's Press, 2013 and Report on Norwegian assistance to Grameen Bank (2011).

I was so inspired by the concept of a social business and to read the book called "Building Social Business" after I heard from different media sources about the presentation of the book. The first question I asked myself was, why is this social business related with my course which I am studying? But after watching the presentation and read the book, I realized that; no matter what profession one is studying or he/she has studied already, it is relevant and critical to link or connect to our cultural and social life. Knowledge is everywhere that we can modify for the best interest of humankind. Personal and profession development without knowing cultural life has got no credit. In the book written by Mohammad Yunus, it shows that how the value and put people at heart but not money (M. Yunus 2010).

Organizations that have adopted the social business model utilize social media tools and social networking behavioral standards across functional areas for communicating and engaging with external audiences, including customers, prospective customers, prospective employees, suppliers, and partners. The author of the book Muhammad Yunus, a Bangladesh Banker, economist, founder of Grameen bank and Nobel price recipient explains in his book what social business is and how it can help the development of our communities. Yunus previously was a professor of economics where he developed the idea and concepts of micro-credit and micro-finance. In the seventies, Bangladesh was in a terrible state; the aftermath of the war of liberation with the destruction caused by the Pakistan army combined with floods, droughts, and monsoons to create a desperate situation for millions of people (M. Yunus, 2010).

How Social Business in Bangladesh Initiated for Poverty Alleviation

During the war, Bangladesh suffered a vast amount of famine and this country did not improve; at this time Yunus was teaching economics but there wasn't a great enthusiasm because everyone in the city was dying of hunger and noticed that as an academic he was solving global problems. In trying to discover what he could do to help; he learned many things about the poor who lived in

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Jobra, a village in Bangladesh, he came face to face with the struggle of the poor people to find the tiniest amounts of money needed to support their efforts to take out a living. He met a woman who buys bamboos to craft stool; this woman had borrowed just 5 takas (equivalent to 7cents in US Currency) from a money lender and trader. The interest rate on such loans was very high, she would have to also sell all her products to the moneylender at a price she would determine (M.Yunus 2010).

According to M.Yunus (2010), he realized that there must be something wrong with the economics he was teaching, Yunus took matters into his hands, he made a list of the people who had borrowed from the moneylenders; to free these borrowers, he reached into his own pocket and gave them the money to repay their loans. The first thing Yunus did was to try to persuade the bank located at the university campus to lend money to the poor, but his request was met with a strong and clear objection. The bank manager stated that "poor people are not bankable; which means that they are not creditworthy" He met with senior banking officials at various levels to lend money to the poor, but he wasn't able to change their minds.

Determinedly, he came up with an idea, he offered to become a guarantor for loans to the poor. After much hesitation, the bank agreed to accept his proposal. The bank started giving out loans to the poor people and Yunus was signing all the papers the bank gave it to him to guarantee that loans will be paid back. In order to make sure that the poor borrowers would find it easy to pay back the loans, he came up with simple rules, such as having people repay their loans in small weekly amount and having the bank's officer visit the villagers rather than making the villagers visit the bank. Finally, Dr. Yunus decided to create a separate bank geared to serve the poor which is now called GRAMEEN BANK (village bank) which came up with the following objectives:

- To extend banking facilities to poor men and woman;
- Eliminate the exploitation of the poor by money lenders,
- Create opportunities for self-employment for the vast multitude of unemployed people in the rural Bangladesh
- Bring the disadvantaged mostly the women from the poorest households within the fold of an organizational format which they can understand and manage by themselves; and

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- Reverse the age-old vicious circle of " low saving, injection of credit, investment, more income, more savings and more investment." Grameen bank is a national wide bank serving the poor in every single village of Bangladesh (M.Yunus 2010).

Women Participation and Skills

According to the M. Yunus from the 80 Million borrowers, 97 percent are women, because Grameen Bank mostly focuses on women. Yunus saw that women in Bangladesh have the talent and skills to become income earners. The female borrowers brought much more benefit to their families than their male borrowers. Women had more drive to overcome poverty. Lending to women in the poor villages of Bangladesh was a powerful way to combat poverty. Grameen Bank is unusual in other ways, it is actually owned by the borrowers who in their capacity as shareholders elect nine of the thirteen members of the board of directors, Grameen Bank lends out over \$100 Million a month in collateral free loans averaging about \$200. The bank also lends money to beggars; they use loans to enter the business of selling goods like toys, households' items, and foods stuff. Grameen Bank also encourages children of its borrowers to go to school by offering affordable loans for them to pursue high education. More than 50, 000 students are currently pursuing their education in medical, Engineering schools and Universities with financing from Grameen bank (M.Yunus 2010).

Moreover, the concept of social business evolved out of Muhammad's mission, these young people are encouraged to pledge that they will never get employed by anybody but they will be job givers and not job seekers. Grameen believes that charity is not a solution to poverty, it only helps poverty to continue as it creates dependency and takes away individual's initiative to break through the circle of poverty, whereas loans offer people the opportunity to take initiatives in business or agriculture, proving earnings and enabling them to pay off the debt. Grameen regards all human being including the poorest, as endowed with endless potential and that unleashing the creativity in each individual should be the answer to poverty. According to the book, Grameen has offered credit to many poor, women, illiterate and unemployed people. It created access to credit on a reasonable term such as the group lending system and weekly installment payment with the reasonably long term of loans, enabling the poor to build on their existing skills to earn a better income in each cycle of loans. The Grameen objective has been to promote financial independence

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among the poor. Yunus encourages all borrowers to eventually become savers so that their local capital can be converted into new loans. Since 1995, Grameen has funded 90 percent of its loans with interest income and deposits collected, hence aligning the interest of its new borrowers and depositor-shareholders. Consequently, Grameen distinguishes itself from such institutions by converting deposits made in villages of loans for the needier in the village (M.Yunus 2010, p,14).

Financial Capital of Grameen Bank

Grameen Bank is financially self-reliant, all of its funds come from deposits. More than half of the deposits came from the borrowers themselves who are required to save a little bit every week. They have a collective savings balance of over half a billion US Dollars. Today, the idea of small, collateral-free loans for poor women known as microcredit or microfinance has spread around the world. There are now Grameen type programs in almost every country in the world. Its success demonstrates that even in the richest country in the world with the most sophisticated banking system, there is a huge need for banks dedicated to serving the marginalized and underserved millions. According to Yunus, one of the reasons in which Yunus decided to provide banking services to the poor was to prove that poverty is not created by the poor people themselves. Poverty is created by the system which we have built, the institutions we have designed and the concepts we have formulated. Poverty is created by deficiencies in the institutions we have built for example, such as financial institutions. The financial institutions refuse to provide financial services to nearly two-thirds of the world's population. Grameen bank questioned this assumption and demonstrated that lending money to the poorest is not only possible but profitable.

Yunus defines social business as a non-loss, non-divided company designed to address a social objective within the highly regulated marketplace of today. It is distinct from a non-profit because the business should seek to generate a modest profit but this will be used to expand the company reach, improve the product or service or in other ways to subsidise the social mission. There are two mindsets of business, one for personal gain another dedicated to helping others. The monopolist's thinking business, the objective is to maximize profits for the owners with little or no consideration for others. On the other hand, tailored member benefits of business, everything is for the benefit of others and nothing is for the owners except the pleasure of serving humanity. The second kind of business is built on the selfless part of human nature which is named social

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business. In social business, an investor aims to help others without making any financial gain himself. The social business is a business because it must be self-sustaining which means that it generates enough income to cover its own costs. The social business might be described as a non-loss, non-dividend company and dedicated entirely to achieve a social goal. One of the objectives of a social business is to bring an end to a social problem. In this type of business, the company makes the profit but no one takes the profit because the company is dedicated entirely to the social cause. The owner can take back over a period of time only the amount invested.

M.Yunus (2010), asserted that the concept of social business needs a practical demonstration. The Grameen family of the organization has grown beyond Grameen bank into a multi-faceted group of profitable and non-profit ventures established by Dr. Mohammad Yunus, the Nobel Peace Prize-winning founder of the Grameen bank. Most of these organizations have central offices at the Grameen bank complex in Mirpur, Dhaka, and Bangladesh. Some of them become well-known because they were created as joint ventures between Grameen companies and world-renowned multinational companies. The first such joint venture was created in 2005 in partnership with the French dairy company Danone, it is well known for its product Danone yogurt.

Danone Yoghurt Foods

On 12 October 2005, Dr. Mohammad Yunus met Frank Ribound the Chief Executive Officer of Group Danone. Yunus proposed to form a joint venture between Grameen and Danone with the objective of supplying nutritious food to poor children. As proposed by Mohammad Yunus, Frank Ribound agreed to participate in the project to be styled a social business. Accordingly, the Grameen group and Groupe Danone entered into an agreement to form a company called Grameen Danone Foods. The objective was to bring daily healthy nutrition to low-income nutritionally deprived populations in Bangladesh and alleviate poverty through the implementation of a community-based business model where no profit will be appropriated by the investing partners. The launch of Grameen Danone received considerable attention and was attended by a number of famous people. This company was formed with the aim of producing yogurt called Shorkti Doi containing protein, vitamin, and all nutrients aimed to fill nutritional deficits of children in Bangladesh. Grameen Danone Foods aim to reduce poverty by creating

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business and employment opportunities for local people since raw materials including milk needed for production, will be sourced locally. The companies that make Grameen Danone Food Ltd have agreed not to take out any of the profits out of the company. Instead, they will invest these for the creation of new opportunities for the welfare and development of people. As a social business, Grameen Danone follows the basic principle that must be self-sustaining, and the owners must remain committed to never take any divided beyond the return of original amount they invested. The company's success is judged each year not by the amount invested but by the number of children who escape malnutrition in that particular year.

Grameen Veolia Water Company is another joint social business created to supply drinking water to the poorest people of Bangladesh. Bangladesh has abundant groundwater resources that are not too deep and therefore provide relatively easy access to water. Unfortunately, for geological reasons, almost all of the groundwater has been found to be contaminated with arsenic, at levels that make it a health hazard. Today, more than thirty million Bangladesh are exposed to the sometimes fatal consequences of chronic arsenic poisoning. Grameen and Veolia water have therefore decided to join forces to provide tailor-made solutions that supply drinking water to the poorest communities of Bangladesh. Villagers buy water from Company at an affordable price instead of drinking contaminated water. On the other hand, another large corporation, BASF of Germany has signed a joint venture with Grameen to produce chemically treated mosquito nets. When these nets are draped over beds, they provide sleepers with protection from mosquito-borne diseases such as malaria. The BASF Grameen produces and sells these mosquito nets as cheaply as possible to make the benefits affordable to the poor. Grameen also has a joint venture with Intel corporation, Grameen Intel, aims at using information and communication technology to help solve the problems of the poor for example by providing healthcare in villages of the developing world where doctors and nurses are scarce and medical clinics are few.

Grameen Adidas is another joint ventured fashioned to produce affordable shoes for the lowest income people. The goal of Grameen Adidas is to make sure that no one, child or adult, goes without shoes. Adidas is working with Grameen to bring benefits to the poorest people of the developing world using an economically viable social business model. Healthcare is another high-potential area for social business. Public delivery of healthcare in many countries is inefficient and

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often fails to reach the people who need it most. In Bangladesh, the Grameen Healthcare company is developing a prototype of health management centers in the villages that will keep healthy people healthy by concentrating on prevention and offering diagnostic and health check-up services. Health insurance, education in health practices and nutrition. Social business can also play a major role in improving the healthcare infrastructure. Grameen Healthcare is already in the process of setting up nursing colleges to train girls from Grameen Bank families as nurses (M.Yunus 2010, pp.85-90).

Social Entrepreneurship for Sustainable Livelihood

M. Yunus clearly stated in his book a social entrepreneur identifies and solves social problems on a large scale. Just as business entrepreneurs create and transform whole industries, social entrepreneurs act as the change agents for society, seizing opportunities others miss in order to improve systems, invent and disseminate new approaches and advance sustainable solutions that create social value. Social entrepreneurs primarily seek to generate "social value" rather than profits. And unlike the majority of non-profit organizations, their work is targeted not only towards immediate, small- scale effects but sweeping, long-term change. A social business is outside the profit-seeking world. Its goal is to solve a social problem by using business methods, including the creation and sale of products or services. Grameen Danone, for example, is working to solve the problem of malnutrition by selling affordable yogurt fortified with micronutrients. Grameen Veolia Water addresses the problem of arsenic-contaminated drinking water at a price the poor can afford. Dr. Mohammad Yunus analyzes that there are two kinds of social business. One is a non-loss, non-dividend company devoted to solving a social problem and owned by investors who reinvest all profits in expanding and improving the business, this is type one of social business. The second type is a profit-making company owned by poor people, this is called a Type two social business. In a type one social business, the investors and owners don't earn a profit, a dividend, or any other form of financial benefit.

The investors in a social business can take back their original investment amount over a period of time they define. It could be a very short period, such as one or two years, or a very long period, but any increase in the money going to investors beyond the original investment disqualifies the business from being a social business. Hans Reitz, a director of the Grameen

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Creative Lab (GCL) in Wiesbaden, Germany helped Yunus to formulate the Seven Principles of social business, which do a particularly good job of presenting the key characteristics of a type one social business:

1. Business objective will be to overcome poverty, or one or more problems (such as education, health, technology access, and environment) which threaten people and society; not profit maximization.
2. The company will attain Financial and economic sustainability.
3. Investors get back their investment amount only.
4. No dividend is given beyond investment money.
5. When investment amount is paid back, company profit stays with the company for expansion and improvement.
6. The company will be environmentally conscious and friendly.
7. The workforce gets market wage with better- than standard working conditions.

Social entrepreneurship relates to a person. It describes an initiative of social consequences created by an entrepreneur with a social vision. This initiative may be non-economic initiative, a charity initiative, or a business initiative with or without personal profit. Some social entrepreneurs house their projects within traditional nongovernmental organizations (NGOs), while others are involved in for-profit activities. A social business may pursue goals similar to those sought by some social entrepreneurs, but the specific business structure of social business makes it distinctive and unique. There are basic principles of responsibility, which have to be followed in every business either profit-maximizing businesses or social business. The first responsibility principle that every business leader should follow is to make sure the business does not endanger humankind life. This means operating the business in a safe manner, for example, following procedures to avoid the risk of injuries to workers. It means making products and services that are safe to use and it also means taking steps to avoid polluting the environment or contributing to global warming.

The second responsibility principle states that the business has to contribute to making the world safer than it would have been without the business. This means that it is necessary to help clean up the atmosphere, the seas and the ground we walk on, leaving them in better shape than

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we found them. Goods that might be harmful to customers shouldn't be produced and it is also necessary to create products that make life easier, safer and more advantageous and beneficial for those who use them. The third responsibility principle is that the business should be conducted within the framework of social and political responsibilities established by the state and global authorities. This means obeying laws and regulations regarding safety, environmental responsibility and financial integrity and so on. It also means contributing to business efforts to support the well-being of society on the local, national and global levels.

The Forces or inspirations that backup the creation of a social business are creativity, entrepreneurship and the desire to make the world a better place; these feelings are all needed to start a social business. The main difference between starting a social business and starting a regular business is the genuine motivation and interest of the entrepreneur. Like any entrepreneur, the creator of a social business is ambitious, energetic and creative. Most people who want to start a profit-maximizing business are focused on earning a lot of money to make themselves wealthy. When someone starts a social business, he/she doesn't look for a business that will generate maximum profits but to help the community or country in whole. To start a social business, the first thing is to identify a need and match it with your capabilities and talents. Yunus says there are questions which you need to ask yourself before creating a social business, he says look at the world around you and asks what disturbs you. What do you really want to change? Identify the root cause of problems, what is the crucial need that needs to be addressed? Be precise, and dig deep rather than merely looking at the surface (M.Yunus 2010).

There are many problems which are waiting to be solved like poverty, hunger, disease, healthcare, unemployment, abandoned children, drugs, housing, pollution, and environment and so on. We should look at our neighborhood to see what the oppressing problems near us are. Make a list of general heading see which specific things could be turned into a social business, start working on one such item. Build a business plan around it by gathering information on various aspects of this business. One of the advises given to a person that wants to create a social business is that of not getting so caught up in grand dreams, but find a way to explicate those grand dreams into specific and concrete goals. Another thing is to build a social business around people. Yunus

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explains that if you are having trouble identifying a problem you want to solve, the best thing to do is to look for a group of people who need help, then figure out how you can help them.

Yunus further explains that his work in Bangladesh is to built around the many needs of the poor; people may choose to work with the poor as well, or might identify some other group with important needs like the elderly, the disabled, infants and children, single mothers, the mentally ill, ex-prisoners, the homeless, the unemployed, the addicted and those who lack healthcare. I learn that I can often develop a great social business idea by starting with the intended beneficiaries and then working backward. The goal is to find a product or create a service that empowers your customers and try to offer them something they do not just consume, but that gives them the opportunity to earn more or save more than they spend on products. This could be credit with which your customers can set up their own businesses, increasing their income and giving them a chance to become financially independent. The product could also be related to education information, which can enable customers to create more value through economic activities. It could be related to healthcare, enabling them to work more productively. It could be access to electricity, machinery, or modern technology. Or it could be an insurance product to protect them from risks they cannot survive. Talking about the social business we can also think of a business that empowers people by helping them get better access to the markets of the developed world, or by giving them good jobs, or by giving them income through business ownership. In all these cases, your social business can enable less- fortunate people to capture a larger part of the value chain. You could strive to maximize the number of people benefiting from the business operations and to maximize the individual benefit you could create for each of the workers. As explained earlier social business could be projected to helping people, by giving them good jobs (M.Yunus 2010, pp.5053).

An entrepreneur might decide to set up a trading company and employ jobless people or even single mothers/parents in order to make them earn money for a living. A person might also decide to create a social business that helps disabled people use their skills to work; for example, training a blind person to make furniture. Social business employees are paid well even more. Many people assume that employees of a social business don't get paid well, that nobody should expect a good salary from a social business. Social businesses focus on keeping their employees

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satisfied with good facilities, pay and special benefits because they know that happy employees lead to higher productivity and thereby better results. For a social entrepreneur to reach his/her goal he/she needs to employ the best and good personnel needed for the job. Grameen bank and the other social businesses Dr. Yunus is involved with, have long faced the challenge of hiring and retaining smart, hardworking and talented employees in competition with leading companies. Several of top officials of Grameen bank began working with Yunus as a graduate in his economics courses at Chittagong University when lending to the poor.

How to Plan to a Social Business

M. Yunus, asserted that a social business is like any other business. It has employees and managers, customers and suppliers. It offers goods or services at a price that it hopes the marketplace will find attractive. It has expenses to cover, payrolls to meet and rents to pay. Planning a social business is in many ways similar to planning a profit-maximizing business. Before launching a social business, Dr. Yunus is telling us that we need to create a business plan that outlines our objectives and the means we will use to pursue them. In a social business, the aim is not to maximize profit, crush rivals, or grow for the sake of growth. The aim is to deliver a social benefit, with smart financial and managerial policies as means to that end. A right motivation and dedication are needed to carry out the business. A business plan is a roadmap that gives direction in executing an intervention, managing a program and ultimately realizing the program goals and objectives. A business plan articulates the mission of your business, it defines the strategy needed to target population and customers. It communicates your idea and plans to your stakeholders , board of directors, donors, partners, and clients.

A business plan allocates resources and helps you to set realistic goals. In a business plan, you have to know the type of business you want to offer, how you will have to produce your product or services, you have to know who your customers are, how many they are and how they make their buying decisions. Your methods of marketing, distributing, advertising and selling need to be stated in your business plan. Fundamentally, as a social entrepreneur, you'll need to state your social objectives and whom you intend to help with your social business; the social goals you hope to achieve (projection) in your first six months, in a year and after three or five years (M.Yunus 2010, pp.69-.78). The plan for a social business has to be responsible, in the sense that

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a social business should be committed to pursuing its social goals without harming any humankind while minimizing its impact on the environment. There are laws and regulations that every company must follow. The aim of a social business is to solve problems such as poverty, malnutrition, disease, ignorance, homelessness. It's not certain that all these problems are going to be solved, but it should move the world in the right direction, and it shouldn't in anyway create new problems through its business methods. So taking advantage of workers, selling defective and dangerous products or polluting the environment for a social business is illegal and also a violation. On the other hand, knowing how to fund your social business is critical. Obtaining financing is probably one of the biggest barriers you will have to face on the road to launching and running a successful social business. However, creativity, resourcefulness and a lot of patience could help us to be able to achieve our goals.

Moreover, Dr. Muhammad Yunus explains that when you are ready to launch your social business that requires funding, you'll need to create a detailed budget for your business. This can be done by creating a five-year financial forecast for your social business, including a robust cost structure that is broken down into various categories, including human resources (generally the largest expense), office space/ real estate needs, travel expenses, price of input materials, land, physical resources and professional service. The budget should also indicate the revenue structure, including the pricing of your business's service or product. Developing a well-structured and detailed financial plan will help you to pinpoint exactly how much funding you will need and when you will need it. Your budget should allow you to determine how much capital you will need to raise at the outset and how much you will need in total over the first five years. For the early days of a business, particularly the first eighteen months to three years of operation, the norm for the start-up business is to spend far more cash than they generate. The most important part of setting up a social business is to define the end in the clearest terms (M. Yunus 2010, pp. 85-90).

Availing Clean Water for Poor People in Bangladesh

Furthermore, Yunus explains that Pragmatism, Openness, and experimentation have always been important elements in his approach to business. The goal of social business is to solve real-world problems and to help human beings live better, fuller lives. As long as a social business keeps this goal firmly in its sights, then specific methods used to achieve the goal can be expected to evolve

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and change over time, as circumstances change and as better ideas emerge. An illustration of this bias toward pragmatism can be seen in the story of Grameen Veolia Water. This water is dedicated to providing pure drinking water to poor people in the village of Goalmari in Bangladesh. The goal of the project was to develop a way to provide access to safe drinking water for rural Bangladeshis who drink contaminated water with unacceptable levels of arsenic. Arsenic is a natural semi-metallic chemical that is found all over the world in groundwater. Arsenic poisoning can cause major health complications if not treated, including death. Because of the risks involved, some precautions are required to protect the populations and workers at risk of arsenic poisoning. Arsenic poison can cause skin lesions and cancers, which afflict at least 100,000 people in Bangladesh. The estimated range of people drinking arsenic water is from 35 million to 80 million. As a result of the CEO of Grameen Shikha (Grameen Education), Nurjahan Begum has been very passionate about bringing clean water to the villages. She and her team collected samples and studied maps showing various levels of arsenic in tube well water throughout Bangladesh, and they tried every solution proposed by experts, including water through deep tube-wells but none of them solved the problem. Even the World bank and other donors have been studying this problem for years and have allocated a large sum of money to address it but no solution was found. In 2007, Eric Lesueur, an executive in the French company Veolia Water, came to see Yunus and asked if there was a social business that they can create together to improve the quality of the water available to the poor people of Bangladesh; but Yunus dismissed his request, thinking Lesueur was talking about bottled water which is already popular in Bangladesh but also very expensive. Lesueur never gave up, he stayed in Bangladesh and made efforts to encourage Yunus. Finally, Yunus made a proposal to Lesueur asking him if he could supply water to the villages at the cost of one taka just for ten liters, Lesueur agreed and that was how Grameen Veolia Water was born. Before Lesueur joined the Veolia Water team in 2006, he was deputy manager of R&D of global Veolia Environment. In this role, he became deeply interested in environmental management systems and the issues surrounding sustainable development, especially in relation to water supply.

Moreover, Yunus further explains that technology alone cannot solve the major challenges facing the world today. Selecting the social issues and picking the right technologies to address

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them are equally important. Social business can play an important role in addressing these challenges. Social business is about making the economy work for everyone, including the poor people at the bottom of the pyramid who are usually left out. Grameen Veolia Waterworks in partnership with some of the world's leading companies and academic institutions to invent a new economic model to bring drinking water to rural Bangladesh. Grameen Healthcare Services Ltd.(GHS), a social business initiative, is working to address health related problems of Bangladesh especially to the poor.

Criticism of Ideas

Microfinance has been criticized in the foreign media. The Guardian (UK) asked whether microfinance was a 'neoliberal fairytale'. The article pointed out criticisms including that most loans are not used to create small businesses, but instead 'consumption smoothing' Muhammad Yunus is widely perceived to be the founder of microcredit, though similar schemes had been operating for centuries. His idea of forming self-help groups among women borrowers was preceded by schemes set up by Khushi Kabir at BRAC (Melik, James,2015).

Conclusion

Finally, I agree and salute Yunus' idea when it came to reality when he realized that he needed allies and supporters to turn an idea into a reality. Fortunately for him, the worldwide attention received by Grameen Bank and microcredit provided Yunus a platform that he could use to explain the concept of social business to the large audience. When the economic system creates barriers that reduce the opportunities available to the poor, as today's system does, then income disparities actually rather than shrink, since the pie grows faster on the rich people's side than it does on the poor people's side. Social business has the potential to reverse this disparity because it addresses the poor directly and deliberately. By bringing the poor into the mainstream economic system, it helps their piece of the pie to grow independently.

Moreover, social business benefits the mass of people, the Social business can transform society very quickly because it will apply the amazingly rapidly-growing power of technology to improving the conditions of the poor and environment. It will also liberate and harness the power of creativity, the sense of commitment of the new generation of young people of this new century, and the power of selflessness which defies all previous notions of human behavior in the economic

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world. Social business has many goals and objectives which are: The creation of new jobs, the improvement of living standards, the invention of new products and services, the promotion of active participation of citizens in decision-making at all levels, the development of intercultural competence, the enhancement of local areas, the use of regional in a creative and effective, the granting of more power to the people, so that they feel motivated and change their lives. The main objective is the resolution of social problems in human life (M. Yunus 2010).

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