

Social Business

- ❑ What's Social Business?
- ❑ Social Business' seven principles
- ❑ Social Business Model

A Social Business is a cause-driven business, a non loss non dividend business designed to solve a social problem. It follows the seven principles formulated by Professor Mohammad Yunus. In a social business, the investors/owners can gradually recoup the money invested, but cannot take any dividend beyond that point. Purpose of the investment is purely to achieve one or more social objectives through the operation of the company, no personal gain is desired by the investors. The company must cover all costs and make profit, at the same time achieve the social objective, such as, healthcare for the poor, housing for the poor, financial services for the poor, nutrition for malnourished children, providing safe drinking water, introducing renewable energy, etc. in a business way.

The impact of the business on people or environment, rather the amount of profit made in a given period measures the success of social business. Sustainability of the company indicates that it is running as a business. The objective of the company is to achieve social goals.

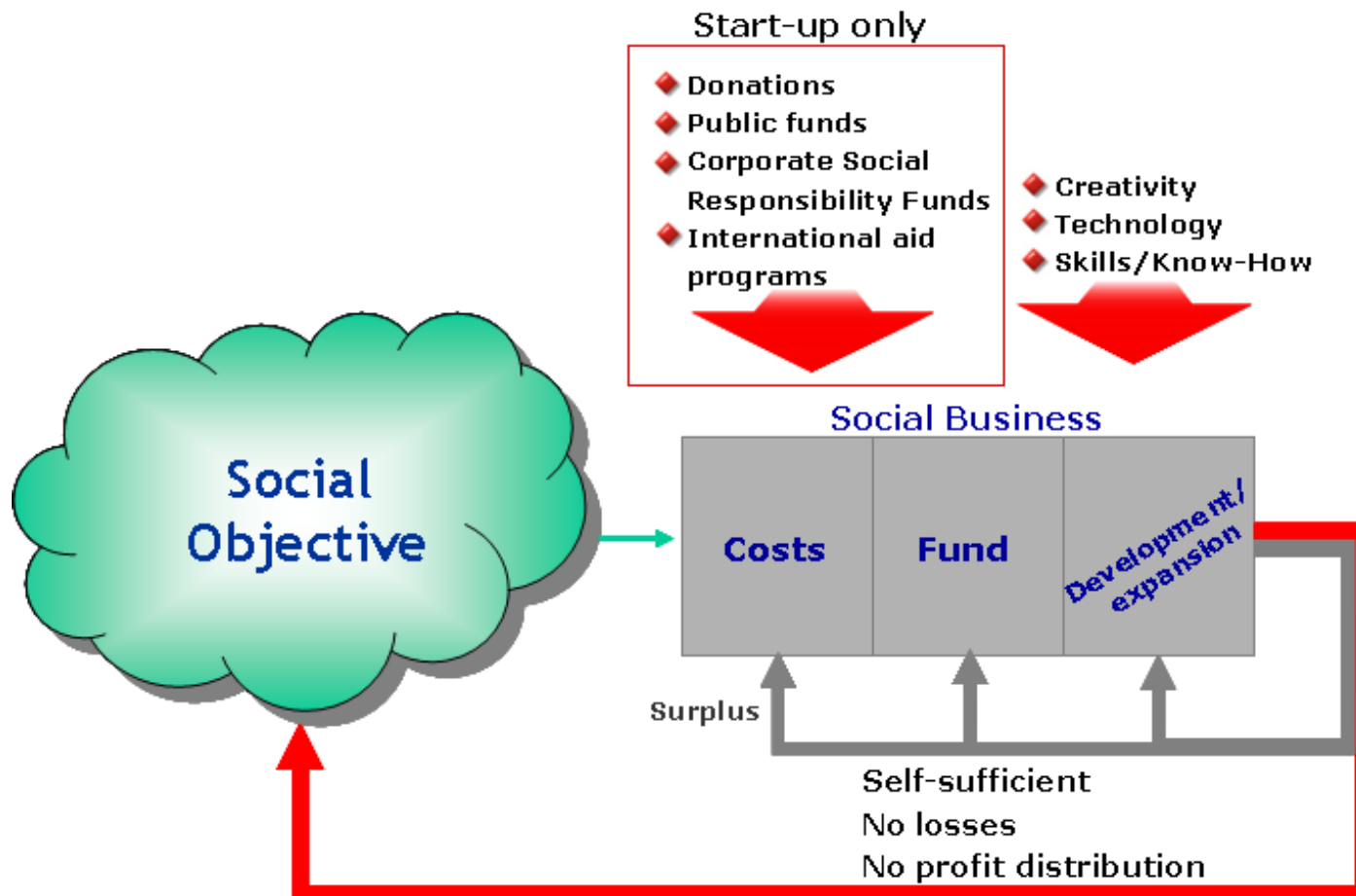
Types of Social Business

Type I: focuses on business dealing with social objectives only. Eg. The product produced is for the benefit of the poor.

Type II: can take up any profitable business so long as it is owned by the poor and the disadvantaged, who can gain through receiving direct dividends or by some indirect benefits. Eg. The product could be produced by the poor but exported to an international market while net profits would go towards workers benefits.

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. Financial and economic sustainability
3. Investors get back their investment amount only. No dividend is given beyond investment money
4. When investment amount is paid back, company profit stays with the company for expansion and improvement
5. Environmentally conscious
6. Workforce gets market wage with better working conditions
7. ...do it with joy

Social Business Model



- Accessible goods for the poor
- Health/economic/social/environmental conditions improvement
- Job opportunities