

Social Business and Entrepreneurship Development: A Critical Analysis

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Abstract--- *Social business is visionary new dimension for capitalism. It is invented by Nobel Laureate Professor Dr. Muhammad Yunus. Social business targets business opportunities which are neglected by conventional profit maximizing companies. In social business profits are not rewarded shareholders but in extending the ambition of the business. Entrepreneurship is a process of starting new business. The process by which an entrepreneur is created is also called entrepreneurship. The people who do so are called 'entrepreneurs'. Entrepreneur is a person who states, organize and many any enterprise specially a business usually considerable initiatives and risks. Entrepreneur works differently from an employee. An entrepreneur runs his business or enterprise and responsible for all the risks and rewards of that given business or enterprise. Entrepreneur is the business leader and innovator. There are some differences between social business and entrepreneurship development.*

Keywords--- *Social Business, Entrepreneurship, Principles, Steps, Characteristics.*

I. INTRODUCTION

Social business has get familiarity all over the world within very short time. Its objective is to solve a social problem by using business methods. It includes the production, creation and sale of goods or services. As for example Grameen Danone is a nutritional company. It is working to solve the problem of malnutrition. It is producing yogurt fortified with micronutrients. Its price is affordable for the poor people. The poor people who are unable to eat balanced diet, suffering malnutrition, will be benefitted by eating yogurt of Grameen Danone Company. Their malnutrition problem will be solved.

II. SOCIAL BUSINESS AND ITS CONCEPTUAL DISCUSSION

Social business is a cause-driven business. In a social business, the investors/owners can get back the invested money. An investor cannot take any dividend. Objectives of social business are totally different from conventional business. Company will make profit. Here no personal gain is desired by the investors. There are many problems in our society such as healthcare for the poor, housing for the poor, financial service for the poor, nutrition for malnourished children, safe drinking water, energy etc. These types of problems can be solved by social business.

According to Professor Dr. Muhammad Yunus, "There are two basic things prevail in human one is selfishness and other is selflessness. In conventional business, people search only profit. But social business belief later thing which is beneficial for human being such as making mosque, churches, synagogues, public parks, hospital etc. Social business does not depend on donations or any private or public grants. Funds of social business can get from investors.

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2.1 Steps in Starting a Social Business

Of course, we are accustomed to using the word "entrepreneur-ship" in a traditional business context. The main difference between starting a social business and starting a regular business is the core motivation of the entrepreneur. Like any entrepreneur, the creator of a social business is ambitious, energetic, and creative—a dreamer of big dreams. But in the social business realm, the entrepreneur's underlying drive is different. Most people who want to start a profit-maximizing business are focused on earning money—preferably a lot of money, because the amount of profit is the yardstick by which success is measured. So they start the search for an idea by looking for a powerful business case—a market of customers with money to spend who are underserved; a product or service niche that no other company is filling; and a new way to supply a need for which lots of people are willing to pay top dollar.

But when you start a social business, you don't begin by looking for a business case that will generate maximum profits. Instead you pick a social problem you want to solve and then seek the business solution for it.

Profit is important only as a necessary condition, not as the ultimate goal. You are not trying to find the most profitable combination between a given market demand and your capabilities. The initial thought comes from somewhere else altogether: your human instinct of compassion. You may see or hear about a hardship people suffer and resolve to change it—a very natural response to the pain of others. Then you start looking for a solution. If you approach the project in a social business manner, you not only ensure your efforts will last, because they are economically sustainable by covering your costs, but you will also give those you help the dignity and self-respect of being a vital part of the global economic system rather than mere wards of charity.

So to start a social business, first identify a need and match it with your capabilities and talents. Look at the world around you and ask what disturbs you. What do you really want to change? Identify the root cause of the problem—what is the crucial need that needs to be addressed? Be precise, and dig deep rather than merely looking at the surface.

You can start by listing the problems of the world. You could easily fill up a whole notebook listing these problems. Pick any one of them and ask yourself, "Can I design a social business to solve this problem?" That's the beginning. And when you go through your list of problems crying out for solutions, don't be discouraged because some of them demand things that "cannot be done." Those may be the very things that your unique talents have equipped you to do. Use your creativity. Today we are lucky because any small creativity can be magnified into big creativity through the power of technology. Tomorrow even more powerful technologies will be available. Things that you cannot believe today will happen tomorrow. How to use that technology to address social problems are the great challenge and the great opportunity for social business.

Many problems are waiting to be solved: poverty, hunger, disease, healthcare, unemployment, abandoned children, drugs, housing, pollution, environment, and so on. Look at your own neighborhood to see which the pressing problems near you are. Make a list of general headings of the issues you want to explore further. Under each general heading see which specific things could be turned into a social business, and start working on one such item. Build a business plan around it by gathering information on various aspects of this business. The right problem

to choose is the one you can handle with ease. Don't go for a highly ambitious business or the most important problem you can imagine when designing your first undertaking. Instead seek out a good learning ground. You may get involved with many social businesses in the future. But for now you are just learning the basics of setting up and running a social business.

Start where you are, making use of whatever skills, resources, and other advantages you already have. And where there is a disconnect between the problem you want to address and the resources you have, use your ingenuity to forge a connection.

For example, one may be worried about the poor people of the developing world: countries in Africa, South Asia and Latin America. Yet one may be far from the workers, farmers, and craftsmen of the developing world, in Europe, Japan, or North America. One may never even have traveled to the nations of the South. Then what can one do? Take advantage of what one knows. One knows one's home market, the people around you; one knows how to create a particular good or service; one has a particular set of skills that are unique to one. So think about one's social business in a flexible way. In every business, there are people involved along the entire value chain from the farming to the processing, the manufacturing, the selling, and ultimately the buying of the product and there are poor people in every country. Find the group one can help first, possibly in a developed country. Later one can expand one's efforts to bring in more beneficiaries. One should not get disheartened. Start where one is.

As long as one is confident that one can sell one's product and fulfill the objective of one's social business, go ahead. It may not be the most celebrated social business, but it is a social business. The important thing is to make it a success. If one devises a highly ambitious social business plan and then struggle with it for months and years with no success, one won't feel good about it. Don't let that happen to one. One must enjoy one's social business. One of the basic principles we strive to uphold is "Do it with joy!" Don't forget that motto. Live it every day. As for defining the needs of the poor: One should not go into complicated arguments about what is in the minds of the poor, or about what sociological or economic studies have shown about the path out of poverty. Keep it simple. Everybody needs food, income, healthcare, housing, water, financial services, electricity, sanitation, information technology, and so on. If one can deliver anything related to these even in a small way, one should go ahead and should do it. And if anyone can make one's under-taking easier, enlist their help.

Next, one should clarify one's objective to make absolutely sure one get the desired result from the project. Then come up with a product or service to serve as the vehicle for achieving this objective. One should make sure the connection between the product and the objective is very clear.

One should not expect one's first design of a social business to be a roaring success. First trials usually end up in failure. It's like putting a rocket into space. The space programs in the United States and the Soviet Union back in the 1960s and '70s involved many failures. Rockets exploded on their launching pads. But each failure represented a step on the road to ultimate success. Finally, in 1969, the entire world watched as an astronaut took the first step on the surface of the moon.

This is how experiments work. Similarly, if you design something, don't expect it to fly right away. It will need a little fixing here, and a little fixing there; it will go up, but it will come down again. Keep on trying. Have faith in

your creativity Someday it will fly. That's what creativity is all about. You don't give up. You start out with an idea, and you keep trying until it works.

Some examples of existing social businesses in Bangladesh are listed below:

- Grameen Danone. The social business creates yogurt fortified with micro-nutrients which are missing in the malnourished children of Bangladesh.
- Grameen Veolia. ...
- GC Eye Care Hospital. ...
- Grameen Intel. ...
- Grameen Reebok. ...
- BASF Grameen.

III. TYPES OF SOCIAL BUSINESS

Social business is two types

1. Type I social business
2. Type II Social business

3.1 Type I Social Business

Type I social business is a non-loss, Non-dividend Company. It is devoted to solve a social problem. It is owned by the investors. The investors and owners don't earn profit, dividend or any other form of financial benefit. The investors invest all profits to expand and improve the business. According to Professor Dr. Muhammad Yunus the Characteristics of Type I social business:

- i) The business objective is to overcome poverty, or one of more problems (such as education, health, technology access, and environment) that threaten people and society-nor to maximize profit.
- ii) The company will attain financial and economic sustainability.
- iii) Investors get back only their investment amount, no dividend is given beyond the return of the original investment.
- iv) When the investment amount is paid back, profit stays with the company for expansion and improvement.
- v) The company will be environmentally conscious.
- vi) The workforce gets market wage with better-than-standard working conditions.
- vii) Do it with joy.

3.2 Type II Social Business

Type II Social business is a profit making company. The company is owned by the poor people. The company can be formed directly or through a trust that is dedicated to predefined social cause. The profit of this business flow to poor people so it can be said this business is alleviating poverty. Poverty is a social problem. As for example, Grameen Bank is owned by the poor people. The poor people are depositors of this Bank as well as they are customers of this Bank. They can take money from Grameen Bank.

IV. CHARACTERISTICS OF SOCIAL BUSINESS

Based on above discussions, the following characteristics might be identified from the social business:

- **Social and Environmental Mission:** The social enterprise community agrees that the primary aim of all social business must be a social or environmental one. People live in a house of a society. House is situated in an environment. To live with peace and to lead healthy life, people should keep the environment clean and hygienic. Social business considers the social problem and environmental issues.
- **Non Profit Motive:** The first aim of social business is to achieve the social objective in a financially sustainable way. Making profit without sacrificing social objective is welcomed. Social businesses should not give dividends to the investors, all the profit is reinvested in the company for expansion and improving the quality of the product or service.
- **Autonomous Organizations:** Social Businesses are autonomous organizations. However, some social enterprises are also included here which are on a journey to independence. If a social business company becomes autonomous organization, then all the activities can be done independently. We believe that when this occurs it must be for a specified transitional period.
- **Investor of Social Business:** Social business is based on the intrinsic desire of self- sacrifice that resides in all human being for the promotion of well-being of its own species, all living beings, and the planet. Given opportunity, most people who can afford it will choose to invest in social business. In addition, institutions, foundations, businesses, governments, donor's agencies, any entity which is involved in investment or charity will invest in social business.
- **Social Business is Non NGO:** An NGO is a voluntary, non-profit organization that operates, contributes to, or participates in, various projects on education, training or other humanitarian, progressive, or watchdog activities. NGOs manage funds from donations to operate programs for poor people but social business manage fund from the shareholders of social business. This is the difference between NGOs and social business.

V. ENTREPRENEURSHIP AND ITS CONCEPTUAL DISCUSSION

Entrepreneurship can be defined as the method of starting and operating business. This business can be small or large. As for example if anyone produce cake in his house and sell it in a market, he is an entrepreneur.

On the other hand one can start to produce motor vehicle or computer in his industry, he is also an entrepreneur. Either the process or systems of making cake or motor vehicle or computer are called entrepreneurship.

VI. TYPES OF ENTREPRENEURSHIP

a. *Ethnic Entrepreneur*

Ethnic entrepreneurship refers to self-employed business owners. The owners who belong to racial or ethnic minority groups in Bangladesh. While entrepreneurship offers these groups many opportunities for economic advancement, self-employment and business ownership in Bangladesh.

b. Institutional Entrepreneur

When entrepreneurs are created with the help of an organization or institution the entrepreneurs are called institutional entrepreneurs. In Bangladesh Some Non-Government Organizations (NGOs) like BRAC, Proshika, ASA provide necessary trainings to become entrepreneurs. After finishing training the NGOs provide fund to those entrepreneurs to start business. The NGOs returns the funds in long time installments. When the entrepreneurs start business, the NGOs provide technical supports also. These types of entrepreneurs are called Institutional entrepreneurs.

c. Cultural Entrepreneur

Cultural entrepreneur is related with the cultural activities. It can be an individual or collective agency. It can be characterized by mobility between cultural professions and modes of cultural production. As for example an actor of a movie can be created by film industry. Once upon a time he or she will become a millionaire or billionaire and can become an entrepreneur. He or she can start his career as a producer of a cinema. This type of entrepreneur is called Cultural entrepreneur.

d. Feminist Entrepreneur

According to Orser, Barbara; Elliott a feminist entrepreneur is an individual who applies feminist values and approaches through entrepreneurship. His or her goal is to improve the quality of life and well-being of girls and women. In Bangladesh, there are some institutions like Small and Medium Entrepreneur (SME) Foundation, Bangladesh Small and Cottage Industries Corporation (BSCIC) etc.

This type of institutions provides training for women or girls to become women entrepreneurs. After finishing training, the institutions provide support to get loan from any commercial Banks. The entrepreneurs who are created by this way are called Feminist entrepreneur.

e. Social Entrepreneurship

Social entrepreneurship is starts of a company or entrepreneurs to solve social, cultural or environmental issues. This idea can be utilized to different organizations which sizes, aims, visions and missions are different. Social entrepreneurship may be either non-profits or merge for profit goals to add a positive return to society. It tries to further broad social, cultural, and environmental goals related to the voluntary sectors e.g. poverty alleviation, health care, community development, reduce environmental pollution etc.

f. Nascent Entrepreneur

A nascent entrepreneur is an individual or people who establish a business venture. A nascent entrepreneur can pursue an opportunity, such as a possibility to initiates new services or products serve new markets or develop more effective production methods in a profitable way.

Nascent entrepreneurs perform many entrepreneurial functions. Activities that create their business more actual to themselves and others. As for example, nascent entrepreneurs frequently search and buy facilities and equipment, search and get financial backing, from legal entities, manage teams and devote all their time and energy for their business.

g. Project-based Entrepreneurs

Project-based entrepreneurs are those people who are involved in repeated work or formation of short term organizations or institutions. The life time of these organizations or institutions are limited, the organizations or institutions are devoted to produce one goal or objective and get disbanded quickly when the project ends. Project based enterprises are widespread such as software development, television production, sound recording, film production, new media and construction. A project entrepreneur use a certain approach and team for each project may have to change the business model or team for following project. Project entrepreneurs look two significant challenges that always describe the making of a new scheme: establishing the correct opportunity to start the project scheme and assemble accumulating the most suitable team to utilize that opportunity. The first challenge requires project-entrepreneurs to entrance a wide range of information wanted to grab new investment opportunities. The second challenge needed assembling a mutual team that has to fit well with the definite challenges of the project and has to function almost instantly to decrease the risk that performance might be unfavorably affected. Other types of project entrepreneurship engage entrepreneurs functioning with business students to get logical work finished on their thoughts. In Bangladesh this type of entrepreneur are seen in the real estate business sector. In this industry, few people form a cooperative society. All the members provide equal amount of money and form a sound fund. They purchase a land, construct an apartment building and sell the apartment. In this way significant amount entrepreneurs are created.

h. Millennial Entrepreneur

Millennial entrepreneurs are those people or individuals who associated with generation that was created using digital technology and mass media. This type of people born during the 1980s and early 1990s. This type of people is known as Generation Y. These business owners are well organized and experienced with knowledge of new technology and new business models and have a strong grab of its business applications. Example of millennial entrepreneurs is Mark Zuckerberg, who created Facebook. According to Forbes magazine his age is 32, has an estimated net worth of more than 50 billion US Dollar.

VII. CHARACTERISTICS OF ENTREPRENEURSHIP

Entrepreneurship has the following characteristics:

- ***Creating New Venture***

Entrepreneurship is related with making of new venture with new ideas. Such venture starts as a small business to satisfy the unfulfilled needs in the market. These new ventures produce something new of value; create new market and new customers.

- ***Strong Networking abilities***

An important section of being an entrepreneur is creating a network. A successful entrepreneur must know how to maximize the opportunities to develop connections with experienced people in their field, investors, or advisors through strong networking skills. Another network should be developed to spread the information about the business ideas and products.

- ***Self-Motivation***

Very significant traits of entrepreneurs are self-motivation. When one wants to succeed, one need to be able to push oneself. An entrepreneur should be self-motivated people. He or she has to motivate other staffs or employees to become successful. He or she should not be an idle people.

- ***Hard Work and Commitment***

Entrepreneurship requires hard work and commitment through devotion of time and efforts. Hard work with enthusiasm is needed to make new ideas, developing plan, determination of required resources. Entrepreneurs have deep sense of personal responsibility and high level of energy.

- ***Profit Potential***

Profit potential is the amount of outcome or degree of return or payment to the entrepreneur for converting an idea into a business. The efforts of an entrepreneur would be in vain without profit potential.

- ***Risk Assumption***

Risk Assumption is very important for an entrepreneurship development. The process by which the risks of an entrepreneurship can be estimated is called risk assumption. Normally to start a new business there may have many risks, high challenges. An entrepreneur has to face all types of risks such as financial risks, social risks, production risk, marketing risk, sales risk etc.

- ***Reaping of Rewards***

In entrepreneurship, ultimate goal is to make profit. After selling the products, the entrepreneur tries to get back the money that invested. The process of getting back of invested money is called reaping of rewards in business. In case of entrepreneurship, financial rewards are first and foremost objective. In case of social business, solution of social problem is important side by side profit is needed to run the business.

- ***Passion***

One of the most important characteristics of an en entrepreneur is passion. An entrepreneur should think that industry is the key to success. Entrepreneur should work hard. Every work has success and failure. If one entrepreneur becomes fail has to be passionate and should work hard for further development of business.

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