



Headline Dose of business to treat social ills
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Dose of business to treat social ills

Social businesses have the potential to create a positive impact for many people globally, says LEONHARD NIMA

MANY businesses worldwide can go beyond making profits to make a bigger impact on society.

Indeed, none other than Muhammad Yunus, winner of the Nobel Peace Prize Laureate and founder of Grameen Bank, is convinced that not every business should be set up just to make money. And that's because 'we have multi-faceted personalities'.

With this basic tenet, Prof Yunus developed the idea of social business. This creates a different perspective to the mindset of the business world, focusing on the selfless part of human beings.

A social business, as Prof Yunus defines, is a business created to solve social problems. It zooms in on problems such as poverty, malnutrition, disease, environmental degradation and the lack of education.

Unlike a non-governmental or non-profit organisation, a social business operates like a business - it has to make money to cover costs. But it only pays back investors what they pumped in - and it does that only when the yields are recouped. The investors get no additional dividends. The extra money made stays in the company and is used to increase its outreach and maximise its social impact.

Many concepts have evolved over time with the rise in awareness of the importance of socially responsible businesses, which may prove confusing. Social business, for instance, is not the same as corporate social responsibility (CSR). The latter sticks to practices that follow ethical and international norms to create a positive impact on the environment, consumers, employees and the general public.

The extent to which any given company engages in CSR activities varies greatly. While some devote substantial resources towards CSR activities and projects, other companies merely see it as a must-have in order to deal with changing conditions and to satisfy expectations of its client base.

A social business is a more straightforward commitment with a clear focus on achieving specific social goals. It is the next logical step for companies already involved with CSR to take, to make a stronger and more sustainable social impact.

Examples of social businesses

One example is the Japanese clothing company Uniqlo. Already actively engaged with CSR for over a decade, it recently launched a social business joint venture with Grameen. The Grameen Uniqlo social business produces clothing which is affordable to the poor in Bangladesh. The social goal is to help poor people in Bangladesh achieve financial and economic independence through employment. At the same time, it aims to provide quality clothing to the poor who cannot afford them.

Social business is not confined to large multinational companies. Many young entrepreneurs have also started creating their own social businesses.

Two young entrepreneurs from Latvia have created the fashion social business Mammu, which produces high-end scarves recycled from second-hand fabrics.

The social business addresses the lack of employment opportunities for single mothers, who have difficulties finding a job with flexible working hours and to generate a sufficient income to support themselves and their children.

Mammu provides these women with the necessary training and then allows them to work flexibly from home.

Some useful tips

Many more individuals want to start their own social businesses but face the challenge of getting started, or not knowing what steps to take. Here are some tips for those keen to start a social business.

- Identify a relevant social problem you would like to address. You must fully understand the reasons why this social problem has not been resolved yet, and then identify ideas to solve this problem with business methodologies.
- List out your own personal capabilities and see how these will be relevant in solving the problem. In cases where there are gaps in capabilities, find partners who will complement your skills.
- Look out for start-up advisory services that can provide you support and advice. Setting up a social business is in many aspects similar to setting up a for-profit business, and so an upcoming social business entrepreneur will be able to receive similar type of support.
- Do not worry about starting small and expanding the idea once it has proven to be successful. In fact, this is a favourable model!
- The final advice that every social business should take into account is to 'do it with joy'.

The existing social businesses and the many more social businesses to come will not only have a positive impact on the business world, but more importantly, they will have the great potential to create a positive impact for many people globally.

The writer is from The Grameen Creative Lab which, with the NUS Entrepreneurship Centre, is co-organising a public lecture, 'Social business - counter culture in the economic world' (www.nusgclinitiative.sg) on March 16