

Social Business in An Emerging Economy: An Empirical Study in Bangladesh

Fatema Nusrat CHOWDHURY¹, Jasia MUSTAFA², K. M. Anwarul ISLAM³,
K. B. M. Rajibul HASAN⁴, Nurul Mohammad ZAYED⁵, Tahsin Sharmila RAISA⁶

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Abstract

The study focuses on the relationship between SB, corporate social responsibility (CSR), and the emerging economy. Thereafter it highlights the types, principles, and funding cycle of SB with the evidence from Grameen Bank, which is a globally well-recognized microfinance venture in Bangladesh established by the Nobel Laureate Dr. Muhammad Yunus. This study employs qualitative analysis to illustrate an architectural overview of the SB model by collecting secondary data from various publications related to the topic and published data of Grameen Bank. Finally, this paper illustrates the SB model along with specified characteristics, systematic framework, and main approaches for sustainable context, which could be applied as a conceptual framework for SB in any context of the emerging economy. The findings of this study suggest that the SB model is the workflow having a hierarchy of five phases namely need identification, goal setting, solution-based business plan, business plan assessment, and business plan execution. Analyzing a range of social business interventions in a developing country, Bangladesh, through the lens of five key aspects demonstrates that social business is the most efficient way to sustainably maximize the social benefits and minimize specific social issues poverty of the people affected.

Keywords: Social Business, Corporate Social Responsibility, Emerging Economy, Principles, Investment Cycle, Business Model

JEL Classification Code: A10, A130, L31

¹First Author and Corresponding Author. [1] Assistant Professor, Department of Real Estate, Faculty of Business and Entrepreneurship, Daffodil International University, Dhaka, Bangladesh [2] Ph.D. Candidate, Bangladesh University of Professionals, Dhaka, Bangladesh [Postal Address: Daffodil Tower 4/2 Sobhanbag, Mirpur Road Dhanmondi, Dhaka 1207, Bangladesh]
Email: nusrat.bba@daffodilvarsity.edu.bd

²Senior Lecturer, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University, Dhaka, Bangladesh. Email: jasia.bba@diu.edu.bd

³[1] Associate Professor, Department of Business Administration, The Millennium University, Dhaka, Bangladesh [2] Ph.D. Candidate, University of Selangor, Malaysia.
Email: ai419bankingdu@gmail.com

⁴Senior Principal Officer, Risk Management Division, Agrani Bank Limited, Dhaka, Bangladesh. Email: rajibulhasan12@gmail.com

⁵Assistant Professor & Head, Department of Real Estate, Daffodil International University, Dhaka, Bangladesh.
Email: zayed.bba@daffodilvarsity.edu.bd

⁶Lecturer, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University, Dhaka, Bangladesh. Email: raisa.bba@diu.edu.bd

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1. Introduction

Social business (SB) is a form of business striking a balance between social objectives and financial goals, situated somewhere between profit-maximizing business and the non-profit sector (Yunus et al., 2015). Social business reverses the relative goals of profits and social effect compared to regular “for-profit business”. The creation of social capital becomes the main focus of attention and activity. Conversely, profitability is seen as a mere means to the end, pursued only to the extent that it ensures the financial viability of the company endeavor. It is crucial, however, that SB is still “business,” not charity. The founders of an SB are not philanthropic donors: they are still allowed to recover their investment even though they do not obtain monetary compensation for it (Yunus et al., 2010). Therefore, an SB must be financially self-sustaining, necessitating from those who run it as a series of conventional business capabilities such as market-oriented thinking, innovativeness, and a managerial mind-set.

SB is defined as a business that has specific social objectives that serve its primary purpose. Social enterprises seek to maximize profits while maximizing benefits to society and the environment. Their profits are principally used to fund social programs (Amin & Langendoen, 2012). A well-known example of SB is Grameen Bank in Bangladesh, which is a microfinance organization and community development bank founded that makes small loans (microcredit) to the poor without requiring security or collateral. Grameen Bank originated in 1976, in the work of Professor Muhammad Yunus at the University of Chittagong, who launched a research project to study how to design a credit delivery system to provide banking services to the rural poor. Grameen Bank's positive impact on its poor and formerly poor borrowers has been documented in many independent studies carried out by external agencies including the World Bank, the International Food Research Policy Institute (IFPRI), and the Bangladesh Institute of Development Studies (BIDS) (Grameen.com, 2020).

By establishing Grameen Bank in 1983, Dr. Muhammad Yunus wanted to realize his vision of self-support for the very poorest people by means of loans on easy terms. The bank has since been a source of motivation for similar microcredit institutions across countries. Banks in the traditional system have been unwilling to lend money to anyone unable to give some form or other of security. However, Grameen Bank works on the assumption that even the poorest of the poor can manage their financial affairs and development given conditions. The instrument is microcredit: small long-term loans on easy terms.

SB as defined by Dr. Muhammad Yunus is an innovative model to solve a social problem. In his model, he explains the principles that SBs must follow to be defined as such which includes the business objective is to combat poverty or one or more problems (health, education, and environment) that impact people and society; the objective is not to maximize profit (Hossain, 2013); investors are only repaid the capital they initially invested; no dividend is distributed, in addition, the one to refund the investment; once the initial investment has been repaid, profits stay inside the business to finance its improvement and expansion; collaborators (partners) are paid with salaries which are aligned to the market, however, with better working conditions (Khan, 2016) The success of Dr. Yunus' scheme exceeded all expectations and has been copied in developing countries around the world. His microfinance initiative reached out to people shunned by conventional banking systems - people so poor they have no collateral to guarantee a loan, should they be unable to repay it.

The objectives of SBs are to achieve its mission, instead of generating a profit to be paid to the owners/shareholders of the business. It is vital that this mission is clearly stated in the governing documents of the organization, and that all the

organization's activities focused on achieving the mission (instead of generating profits). SBs are self-sustaining businesses that generate the majority of their income through selling goods and services, rather than through donations/grants. Some SBs start with donations/grants; however, the purpose isto cover the operational costs using the income generated.

By eliminating the need for collateral, Grameen bank has reversed traditional banking custom and developed a banking structure focused on mutual trust, transparency, engagement, and innovation. Without any collateral, Grameen bank gives credit to the poorest of the poor in rural Bangladesh. At Grameen bank, credit is a cost-effective tool for fighting poverty and acts as a mechanism for the overall growth of the socio-economic conditions of the poor, who, on the basis that they are poor and thus not bankable, have been kept out of the banking orbit (Hassan & Guerrero, 1997). The Grameen Bank in Bangladesh has become an international model for microcredit as a poverty alleviation strategy. Dr. Yunus reasoned that if financial resources are made available to the poor on terms and conditions that are reasonable, these millions of poor with their small pursuits can add up to create the biggest growth phenomenon (Bernaesk, 2003).

In this article, the main objective focuses on the basic structure of SB upholding the principles and investment cycle with the reference to Grameen bank in Bangladesh. Furthermore, this study also generates a conceptual model for a social business (SB) plan for developing countries along with specified features, analytical framework, and main approaches for sustainable context.

This research opens the door for further research like additional contribution or model upgrading and so on. Furthermore, if any entrepreneur wants to engage in SB, the model used in this study will help frame innovative business ideas.

2. Literature Review

Wilson and Post (2011) explored the hybrid phenomenon of SB, that is, both a form of organization and a practice that deliberately harnesses market dynamics to address deeply rooted social issues through the design and implementation of a core product/service. This new form of hybrid venture combines the social purpose traditionally associated with non-profit organizations with the economic purpose and market-based methods traditionally associated with for-profit firms. This exploratory research inductively explored the process by which SBs are designed. The result suggested that clear intentionality around social purpose drives the design of these ventures and their associated missions and business models such that they can creatively synthesize competing paradigms (economic and social purpose) within one venture. The tight coupling of mission, method, and

operationalization allows for the multi-stakeholder promise of the business model to be fulfilled.

Akhter et al. (2020) stated that the concept of social entrepreneurship (SE) is gaining attention in developing economies for greater societal welfare maximization. However, findings in the field of SE studies have been riddled with conflicting results and counterstatement. Also, the determinants of developing SE are not robustly investigated in developing economies like Bangladesh. The authors of this study investigated the influence of entrepreneurial self-efficacy, social support, prior experience, and educational support on SEI. Results exhibited that self-efficacy, social support, and educational support positively and significantly predicted SEI, while prior experience does not influence SEI.

Grameen bank, founded in 1976, has both pioneered the development of micro-finance and created nearly 30 businesses designed to alleviate poverty. Yunus et al. (2010) traced the gradual development of Grameen's expertise in formulating SB models, which require new value propositions, value constellations, and profit equations, and as such, resembles business model innovation. The article presented 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 SB models: recruiting social profit-oriented shareholders, and specifying social profit objectives clearly and early. They suggested these new business models - where stakeholders replace shareholders as the focus of value maximization, and stakeholders could empower capitalism to address overwhelming global concerns.

Michelini and Fiorentino (2012) attempted to understand which characteristics distinguish social and inclusive business models and what kind of benefits and risks (for companies and communities) are connected to each model. The findings of the research suggested two main conclusions. First, social and inclusive business models are similar in partner networks, use of knowledge and value chain, in the development of innovative distribution models (except for the cases in which the market considered is not in an emerging country), and in terms of social benefit. Second, the social and inclusive business models are different in terms of value proposition, governance systems, profits management model, social risks, and economic profit equation.

Crowther and Reis (2011) considered developments in CSR behavior in organizations in the context of current issues. They compared and contrasted these aspects for a conventional business with those for an SB and considered the question of regulation and its need in the setting of standards of behavior. The results showed that the scope of CSR is wide-ranging and can be applied to all businesses, social or traditional, and all organizations.

Mamun et al. (2019) critically examined the Grameen solidarity lending mechanism and social business framework and their efficiency in approaching poverty with their cross-border experiences. They stated that traditional business plays the main role in economic development generating significant value for the participants. It is not that social business is competitive to traditional business. SB in no way tries to replace the traditional business, rather it aims to bridge the gap creating necessary values sufficient for the disadvantaged who are beyond the reach of traditional business. Social business internalizes the need of underprivileged people empowering and thereby enabling them to participate in the market mechanism. Thus, it is a conducive force of market mechanism that adopts the poor whom the market does not serve and thereby adds additional value in the process of economic development.

Humberg and Braun (2014) concluded that his idea is primarily a strong plea for social entrepreneurship. It is a strong call for the efficient use of philanthropic resources in contrast with a more conventional charity approach. Erawati et al. (2020) stated that high CSR firms enjoy low information asymmetry and high stakeholder solidarity (stakeholder theory). Moreover, CSR components that are directly related to firms' primary stakeholders are more relevant in reducing investment inefficiency compared with those related to secondary stakeholders. The effect of CSR on investment efficiency is more pronounced during the subprime crisis. Their results highlighted the important role that CSR plays in shaping firms' investment behavior and efficiency.

Faisal et al. (2020) investigated whether (i) the extent of corporate social and environmental responsibility disclosure (CSERD) differed between 2010 and 2014, (ii) government regulations affect the extent of CSERD, and, (iii) CSERD was valued by investors. The results showed that the extent of CSERD in 2014 is higher than in 2010, and government regulations have a significant effect on the extent of CSERD. Further, the market valued positively CSER information disclosed by the company. Given that government regulations have a positive impact, however, the extent of CSERD is still low. To enhance CSERD, the government must continually encourage organizations to conform to the regulations as mandated.

Santos et al. (2015) stated that hybrid organizations pursuing a social mission while relying on a commercial business model have paved the way for a new approach to achieving societal impact. Although they bear strong promise, social enterprises are also fragile organizations that must walk a fine line between achieving a social mission and living up to the requirements of the market. Their study moved beyond generic suggestions about managing hybrids to emphasize a typology of SB hybrids and discuss how each of the 4 recommended types of hybrid organizations can be

managed to avoid the risk of mission drift and better attain financial sustainability.

Preston and Post (1975) focused on the management processes that companies use to respond to social issues. They developed the principle of public responsibility as an alternative to the notion that firms have unlimited accountability. They presented one of the first systems-based approaches to corporate responsibility, providing theoretical support for business involvement in public policy. Their major contribution was its broad outline of an alternative theory of the firm in society, one that offers the possibility of overcoming traditional public and private dichotomies.

Smith et al. (2013) stated that effectively understanding social enterprises, therefore, depends on insight into the nature and management of these tensions. They categorized the types of tensions that arise between social missions and business ventures, emphasizing their variety and prevalence. They then explored how 4 different organizational theories offered insight into these tensions and developed an agenda for future research. They argued that a focus on SB tensions not only expands insight into social enterprises but also offers an opportunity for research on social enterprises to inform traditional organizational theories. Taken together, their analysis of tensions in social enterprises integrated and sought to energize research on this expanding phenomenon.

Post et al. (2002) stated that the company's integrity as an entity is its "license to operate" within society, depends not just on its success in the creation of wealth, but also on its ability to fulfill the expectations of various stakeholders that contribute to its success and existence. These priorities and expectations are the stakeholders of the corporation: resource providers, suppliers, customers, alliance partners, political and social actors. As such, organizations must be seen as an institution involved in mobilizing resources to generate profits and wealth for all its stakeholders. In both theoretical and realistic terms, they presented a stakeholder viewpoint of the corporation. Its key proposition is that corporate wealth is created through the interactions of a company with its stakeholders. Effective management of stakeholders establishes and uses relationships for mutual benefit between a company and its stakeholders, thus fulfilling the underlying purpose of wealth creation.

Thompson and McMillan (2010) creating new markets for their futures. One of the critical problem's managers face in opening up new markets is to maintain fiduciary responsibility in the face of little if any, market information. They proposed a framework for addressing the challenges of poverty and human suffering so widespread around the world. They proposed that innovative firms could play a role in developing new business models that open up new opportunities while improving social wealth at the same time. They suggested a system for the creation of business

models that would both resolve the planning and project assessment issues of those companies and the societal needs of the proposed beneficiaries of the activity.

Tran and Nguyen (2020) stated that the impact of the business cycle is insignificant towards bank risk, except for the case of risk indicator of loan loss provisions. Examining the joint effect of the business cycle and financial development on bank risk, they found that the phase of business cycles generally does not moderate the link between financial development and bank risk.

Amin and Langendoen (2012) explained the mechanisms of the Grameen Shakti model in Bangladesh as an SB for replication in other developing nations. Grameen Shakti's socially conscious model is not only helpful to the millions of people represented by rural communities and economies in the developing world but also lucrative for borrowers, lenders, and other stakeholders in the long run. Implementing the replication of Grameen Shakti would help to accomplish the goal of universal access to energy by 2030.

Grameen Shakti is a micro-generation renewable energy program that aims to meet the energy requirements of the people of Bangladesh in a cost-effective and environmentally friendly manner. It is one of the largest and fastest-growing programs of its type in the world. Presently, Grameen Shakti deals with three technologies: solar home systems (SHSs), biogas systems, and improved cooking stoves (ICS). Asif and Barua (2011) studied the prominent features of the Grameen Shakti program which have primarily contributed to its success.

3. Methodology

This article is qualitative analysis in nature and conducted mainly based on secondary data from vigorously published sources. For the generation of an architectural overview of the social business model, the secondary data has been collected from various publications related to the topic and published data of Grameen Bank. After collecting all qualitative data, this study categorized the data as per the aspects (characteristics) of the model and the impacts on an emerging economy. The researchers of this study formulated a model to illustrate an architectural overview of the SB model to understand the relationship between SB and the emerging economy with the empirical data from Bangladeshi Grameen Bank.

4. Social Business's Seven Assumptions

Seven Principles of Social Business (SB) were developed by Prof. Muhammad Yunus at the World Economic Forum in Davos, January 2009. (Grameen Healthcare Services Limited, n.d.).

- i. Business objective will be to overcome poverty, or one or more problems (such as education, health, technology access, and environment) that threaten people and society; not profit maximization.
- ii. Financial and economic sustainability.
- iii. Investors get back their investment amount only. No dividend is given beyond investment money.
- iv. When the investment amount is paid back, company profit stays with the company for expansion and improvement.
- v. Environmentally conscious.
- vi. Workforce gets market wage with better working conditions.
- vii. Do it with joy.

4.1. Two Basic Forms of Social Business (SB)

Type-1: This type of social business is non-loss and non-dividend and focuses only on business dealing with social objectives. Product may be produced for the benefit of the poor to solve social problems. It gives the poor access to affordable education, healthcare, food, and products. The company does not generate profits and only covers its costs (Yunus et al., 2015). A case of this kind of item is ShoktiDoi by Grameen-Danone. Grameen Danone Foods, widely referred to as Grameen Danone, was established in 2006 as a social business enterprise intended to provide children in rural Bangladesh with many of the key nutrients usually lacking in their diet. It is run on the principle of “No Loss, No Dividend.” Grameen Danone originally planned to pay an annual dividend of 1% to shareholders, but in December 2009 the Grameen Danone board agreed to waive all monetary gain.

Type-2: In contrast, a Type II social business is profit-oriented. However, the profit is not paid out in the form of return on capital but is used for the benefit of workers in the form of a social return on investment, for example, the product can be produced by the poor people but exported to an international market while net profits would go towards workers’ benefits (Yunus et al., 2015) The objective here is to make a lasting improvement to the local population’s living conditions. For instance, Grameen-Otto and Grameen Bank. The Otto Grameen Textile Company offers the region’s poor the opportunity to free themselves from poverty. The Otto Group places the highest emphasis on fair working practices as well as the health and safety of employees in the supply (labor) markets. The Otto Group and Grameen formed a joint venture in 2009 to create the Otto Grameen Textile Company as an indication of their dedication. The “Factory of the Future” was set up in the capital city Dhaka, Bangladesh. It is intended to serve as a beacon project for this type of sustainable business activity, in addition to producing

clothing for export under ecologically and socially sustainable conditions. Further education and training programs and childcare will be provided to staff and a nutritious lunch will be provided to them. During working hours, their children would be looked after in a workplace daycare center offering pre-school classes. Moreover, assistance to the neighboring communities will be provided in the form of educational offers, healthcare, and the provision of sanitation facilities. The primary focus of the efforts would be on supporting individuals, groups, and social change through the provision of comprehensive educational offers.

4.2. A Cycle of SB Investment

This cycle includes two-tier investment; initial investment and reinvestment circle. For an initial investment in Figure 1, investors willingly invest their funds without the intention of participating in profit. The investors are paid back with their principal amount when the business makes a profit. On the other hand, the reinvestment circle includes cyclical movement of investment, production, sales, and profit generation. Retention of profit is the result of each cycle of production from the investment.

4.3. Grameen-Hub of SB

Grameen began with USD 27. Muhammad Yunus was inspired during the Bangladesh famine of 1974 to make a small loan of US\$27 to a group of 42 families as start-up money so that they could make items for sale, without the burdens of high interest under predatory lending (Hossain, 2013). Dr. Yunus believed that making such loans available to a larger population could stimulate businesses and reduce the widespread rural poverty in Bangladesh. Dr. Yunus developed the principles of the Grameen Bank from his

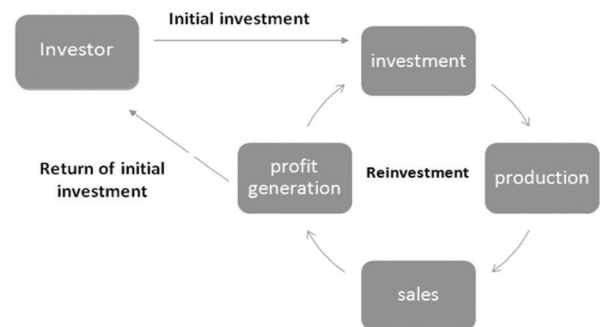


Figure 1: Social Business Cycle

Source: Authors' Compilation

research and experience. Grameen Bank is Bengali for “Rural” or “Village” Bank. He began to expand microcredit as a research project together with the Rural Economics Project at the Bangladesh’s University of Chittagong to test his method for providing credit and banking services to the rural poor. In 1976, the village of Jobra and other villages near the University of Chittagong became the first areas eligible for service from Grameen Bank (Hassan & Guerrero, 1997).

Grameen Bank is founded on the principle that loans are better than charity to interrupt poverty: they offer people the opportunity to take initiatives in business or agriculture, which provide earnings and enable them to pay off the debt. The bank is founded on the belief that people have endless potential, and unleashing their creativity and initiative helps them end poverty. Grameen has offered credit to classes of people formerly underserved: the poor, women, illiterate, and unemployed people. Access to credit is based on reasonable terms, such as the group lending system and weekly-installment payments, with reasonably long terms of loans, enabling the poor to build on their existing skills to earn better income in each cycle of loans. Grameen’s objective has been to promote financial independence among the poor. Yunus encourages all borrowers to become savers so that their local capital can be converted into new loans to others. Since 1995, Grameen has funded 90 percent of its loans with interest income and deposits collected, aligning the interests of its new borrowers and depositor-shareholders. Grameen converts deposits made in villages into loans for the needier in the villages (Yunus & Jolis, 2003).

It targets the poorest of the poor, with a particular emphasis on women, who receive 95 percent of the bank’s loans. Women traditionally had less access to financial alternatives of ordinary credit lines and incomes. They were seen to have an inequitable share of power in household decision making. Yunus and others have found that lending to women generates considerable secondary effects, including empowerment of a marginalized segment of society, who share betterment of income with their children, unlike many men (Yunus & Jolis, 2003). As Grameen bank has developed and expanded in the years since its beginning, it continues to operate on those same two principles. Today, Grameen bank still assumes that when individuals are provided credit, they will be able to initiate upward social mobility for themselves through entrepreneurial endeavors. As a result, Grameen differs from many other social justice efforts in that it does not include intensive rehabilitation training programs for the disadvantaged persons it serves. Instead, Grameen gives its borrowers freedom to pursue a better future using the skills they already possess in the best way they can with membership in a five-person support group being the only requirement (Mamun et al., 2019)

A few instances of existing SBs in Bangladesh are mentioned below.

4.3.1. Grameen Danone

To fight malnutrition, Grameen Danone Foods was created in 2006. The joint venture (with Grameen Bank), makes yogurt supplemented with essential nutrients that even the poorest can afford. Grameen Danone Foods impact the lives of people not only by improving their health. In the entire supply chain, incentives occur. The milk for making yogurt is bought from micro-farmers. Production is planned in a way that provides work to as many people as possible. Solar energy is used for water heating and is used for installation cleaning and water preheating for the main boilers. Furthermore, the packaging of the yogurt is completely biodegradable. Thus Danone Foods contributes to the accomplishment of the Millennium Development Goals by the United Nations to end poverty.

4.3.2. Grameen Veolia

In the 1970s and 1980s, millions of shallow tube wells were installed throughout Bangladesh to provide the rural population with bacteria-free water. A study in the 1990s, however, showed a high concentration of arsenic naturally present in the groundwater supplied by the tube wells. The regular consumption of arsenic-contaminated water can lead to multiple health-related problems including skin discoloration, cardiovascular and neurological complications, multiple cancer forms, and can even lead to death. In 2008, Veolia and Grameen Health Care Services Ltd formed a joint venture company to tackle arsenic poisoning of water in Bangladesh: Grameen Veolia Water Ltd., a company founded on SB concepts. The two companies combined their expertise and skills to deliver safe drinking water to the poor population of rural Bangladesh, using a water treatment method based on hi-tech water filtration techniques.

4.3.3. GC Eye Care Hospitals

Grameen GC eye hospital, Bogura, Bangladesh, provides eye care services to ensure eye care services to all classes of the community. Modern equipment and state-of-the-art technologies are used in identifying problems and treating eye patients. Ophthalmologists, ophthalmic assistants, and the hospital staff are experienced and trained. Dr. Muhammad Yunus and “The Green Children (A rising international music band)” opened the first Grameen Eye Hospital in Bangladesh on 12 May 2008 structured as an SB enterprise, where the facility can potentially grow to perform 50000 examinations and 10000 cataract operations annually. “The Green Children” foundation supports microcredit, healthcare, and education and is focused on involving young people in supporting positive and effective solutions to conquer world poverty.

4.3.4. Grameen Caldas

Grameen Caldas, a member of the Grameen family, was established in Manizales, Colombia. By applying a highly innovative approach to growth, they combine the advantages of microcredit with the idea of Dr. Yunus' SB to solve the region's most pressing social problems in the areas of healthcare, nutrition, sustainability, and education. With the eventual goal of lifting the entire region out of poverty, they launched a microcredit organization and SBFund that offers finance to promising SBs. Unique in the world, Grameen Caldas lays the foundations for a new way of approaching local, provincial, and global development in the world.

4.3.5. Grameen Intel

Grameen Intel Social Business Ltd. (GISB) focuses on using technology to help the world's underprivileged population. Technology, innovation, and SB ethos lie at the core of GISB's foundation pillars. The joint venture is a creation of Grameen Trust and Intel Corporation. In the year 2007 Intel had visited Bangladesh and after consulting Dr. Yunus brought out the inspiration for a technology-based SB; it is in this light that GISB was founded in 2009 as the first SB in IT. Grameen Intel developed a state-of-the-art smart bangle (to protect rural women from the rigor and hardship of rural life), specially designed for pregnant women, that can play a groundbreaking role in augmenting maternal health. Not only in Bangladesh, but in the rest of the world, this is an innovative and completely new concept. Grameen Intel is soon planning to go on the large-scale promotion of the bangle. A unique feature of the bangle is that during everyday activities such as cooking that often involves burning wood, charcoal, or animal dung, it can identify and alert the presence and level of indoor air pollution, particularly carbon monoxide.

4.3.6. Grameen BASF

BASF SE (a German MNC and the biggest chemical producer worldwide) and Dr. Yunus signed an agreement to establish a joint venture SB company called BASF Grameen Ltd on March 5, 2009, in Ludwigshafen, Germany. The purpose of the company is to improve the health and business opportunities of the Bangladeshi poor. BASF Grameen started by utilizing 2 products from BASF's portfolio - dietary supplement sachets containing micronutrients and vitamins. and impregnated mosquito nets that offer protection against insect-borne diseases. Given the substantial need for dietary supplements and mosquito nets, BASF and Grameen had decided to locate their JV with these 2 products in Bangladesh.

4.3.7. Grameen OTTO

The Otto Grameen Textile Company offers the region's poor the opportunity to free themselves from poverty. The

Otto Group places the highest emphasis on fair working practices as well as the health and safety of employees in the supply (labor) markets. The Otto Group and Grameen formed a joint venture in 2009 to create the Otto Grameen Textile Company as an indication of their dedication. The "Factory of the Future" was set up in the capital city Dhaka, Bangladesh. It is intended to serve as a beacon project for this type of sustainable business activity, in addition to producing clothing for export under ecologically and socially sustainable conditions. Further education and training programs and childcare will be provided to staff and a nutritious lunch will be provided to them. During working hours, their children would be looked after in a workplace daycare center offering pre-school classes. Moreover, assistance to the neighboring communities will be provided in the form of educational offers, healthcare, and the provision of sanitation facilities. The primary focus of the efforts would be on supporting individuals, groups, and social change through the provision of comprehensive educational offers.

4.3.8. Grameen Reebok

Grameen Reebok emerged from a partnership with Adidas, the German-based international shoe and sportswear company that owns the Reebok brand. Adidas has taken on the challenge of making sure that nobody in the world goes without shoes, even the very poor. Besides, adequate shoes protect from infection with ground born diseases. The joint-venture social business, Grameen Reebok, will design and market shoes that are affordable even to the poor, and it is currently test-marketing its prototype product. The test marketing has been very successful; the responses of the village consumers to the design and style have been positive. For the first time, the rural poor are being seen as a sought after consumer base, and they have been very involved in the development of all of our social business products.

4.4. Markers for Sustainability of the Model

The business model focuses on the value creation of a business and describes an enterprise's core strategy to generate economic value. To generate economic value, an enterprise converts its input into output and makes a profit that should be greater than opportunity cost, and delivers a return to its investors. Generally, social entrepreneurs use a business operating model that is defined as a social business. The format of a social business is derived from a conventional business model. Despite its immense potentials as a sustainable and innovative means to solve specific social problems, the basic concept of the social business model (SBM) advanced by Dr. Yunus remains unclear to many. There exists no literature that objectively compares this model from empowerment and economic growth perspectives with other seemingly similar concepts, such as

social enterprise, non-governmental organization (NGO), and corporate social responsibility (CSR).

Although many organizations NGOs have been showing increasing interest in the adoption of the SBM to minimize social problems sustainably, lack of conceptual clarity of the model limits the scope of its adoption in addressing social issues. The paper aims to discuss these issues. SB model is the workflow having a hierarchy of five phases namely need identification, goal setting, solution-based business plan, business plan assessment, and business plan execution. Analyzing a range of social business interventions in a developing country, Bangladesh, through the lens of five key aspects demonstrates that social business is the most efficient way to sustainably maximize the social benefits and minimize specific social issues poverty of the people affected. Social CRM or social customer relationship management is the integration of social media channels into Customer Relationship Management (CRM) platforms. Increasingly, CRM platforms support social media alongside traditional channels so customers can interact with businesses via their preferred channels (Paliouras & Siakas, 2017). The use of Social CRM SBscan optimize service levels and the multi-channel customer experience. It can help SBs get the basics of the customer service right, responding seamlessly in the way that suits the customer best.

4.4.1. Analytical Framework for SB Model

SBs are complex and have numerous ideas and representations. Table 1 outlines these different elements of the social business.

4.4.2. The Main Approach of SB

Concerning the developing nation's point of view, it lies being founded on both philanthropic and benefit arranged organizations that seek after social effect as their principal objective.

Table 2 outlines the different aspects of the Emerging country's perspective; SBs apply business solutions to social problems. The ultimate goal is to achieve sustainability by enabling non-profits to support themselves financially in innovative ways instead of relying solely on grants and donations. Since there are no shareholders in a non-profit organization, the profits from the related social enterprise are completely re-invested in the work of the organization. One of the aims of SBs is to serve the community or a specific group of people. From the same perspective, social enterprises desire to promote a sense of social responsibility at the local level.

SBs are the result of collective dynamics involving people belonging to a community or to a group that shares a well-defined need or aim. This collective dimension must be maintained over time in one way or another, even though the importance of leadership (by an individual or a small group of leaders) must not be neglected. The primacy of the social aim is reflected in constraints on the distribution of profits. However, social enterprises include not only organizations with a total constraint on distributing profits, but also those which – like many cooperatives – may distribute profits but only to a limited extent, thus avoiding profit-maximizing behavior. SBs are created by a group of people based on

Table 1: Aspects of Social Business with the Impacts on an Emerging Economy

Aspects	Impact of Social Business
Objective	Eradication of poverty
Main offer	Concerning fundamental needs (food, cloth, housing, education, and health) however, keeping CSR in mind
Intentionality	Social value creation is the core of the business.
Impact	Eradication of poverty
The base of the management level pyramid	Producers and suppliers
Workers	Marginalized
Involvement of the community in decision making	Collective participation
Accountability	Priority
Profit distribution	Reinvested
Economic value	Profit includes cross-subsidies and financial benefits.
Social value	The solution for the problems of education, health, technology access, and environment

Source: Authors' Compilation.

an autonomous project and are governed by these people. They may depend on public subsidies but they are not managed, directly or indirectly, by public authorities or other organizations.

4.4.3. Architectural Overview for Sustainable SB Model

The sustainable SB model has five phases to present a functional framework of the SB process as shown in Figure 2. Among the five phases; the first four phases involve need

identification, goal setting, a solution with a business plan, and assessment of the business plan. Motivational factors namely the need for achievement, the locus of control, passion, drive, goal setting, and self-efficacy positively impacts the SB model. On the other hand, vision, knowledge, skills, and ability together are considered as cognitive factors that affect the performance of the SB model. Fund managers are asked to look at the funding options during the implementation of the SB model. Investors are typically interested in investing in SB models. Thereafter, considering both the types of SB;

Table 2: Outlines the Main Aspects of Social Business in the Emerging Economy

Aspects	Emerging Country's Perspective
Definition	Associations or ventures that create social change through promotional activities.
Main purpose	Poverty alleviation activities must have a social effect/impact and are definite, significant, and, particularly, long-term.
Business format	The social effect/impact is the principal target
Scale	Desirable
Profit	Profits should just be reinvested in the business.
Governance model	Increasingly cooperative and with beneficiary investment
Measuring the impact	Social impact

Source: Authors' Compilation.

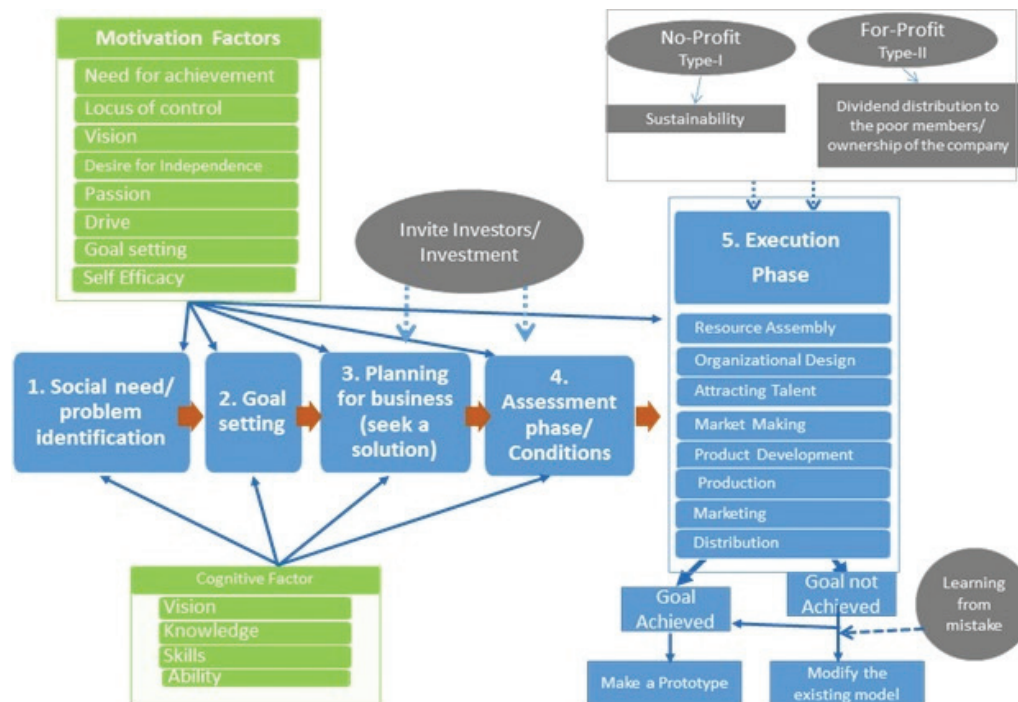


Figure 2: Sustainable Social Business Model

Source: Authors' Compilation

specifically, type one- Sustainability and type two- Profit distribution, the SB model is implemented in terms of allocation of capital, organization's design and target market positioning, product creation, manufacturing, promotion, and distribution. Finally, testing of the SB model after the implementation of the SB model is carried out based on whether or not the model is effective and has achieved the objectives. If the model is successful in meeting the desired result, then no improvement is required, however, if it fails to achieve the aim, the existing model has to be changed in the future to rectify the flaws.

5. Conclusion

SB as defined by Dr. Muhammad Yunus is an innovative model to solve a social problem. In his model, he explains the principles that SBs must follow to be defined as such which includes the business objective is to combat poverty or one or more problems (health, education, and environment) that impact people and society; the objective is not to maximize profit. With the emergence of SB concepts, this paper explores the structure of the functional framework of the SB process. Initially, the study focuses on the relationship between SB, corporate social responsibility (CSR), and the emerging economy. Thereafter it highlights the types, principles, and funding cycle of SB with the evidence from Grameen Bank.

Although many organizations NGOs have been showing increasing interest in the adoption of the SBM to minimize social problems sustainably, lack of conceptual clarity of the model limits the scope of its adoption in addressing social issues. The paper aims to discuss these issues. SB model is the workflow having a hierarchy of five phases namely need identification, goal setting, solution-based business plan, business plan assessment, and business plan execution. Analyzing a range of social business interventions in a developing country, Bangladesh, through the lens of five key aspects demonstrates that social business is the most efficient way to sustainably maximize the social benefits and minimize specific social issues poverty of the people affected.

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