

## Chapter 12

# The Impact of Social Business Strategies in Creating Empirical Social Business Models

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### ABSTRACT

*The purpose of this chapter is to define social business and its difference with conventional business type. Governments could not address all the social problems. Because they don't have the knowledge or the money to do so .however big enterprises have much more resources. Social business is form at the intersection pf social needs and business expertise. Also corporates want to have a good publicity through social responsibility .social business can help them to run social responsibility process through a sustainable approach. The articles reviews the recent literature about social business evolution and definition. And then it goes through social business model literature review to run a social business the definition and models of conventional business models should be redefined. Finally it compare the different Social business models and introduces the social business components in the end there are two cases from Grameen group one of the leading social groups in the word.*

### INTRODUCTION

Mohammad Yunus:” we created a joint venture company with DANONE-a food company that produce diary-.I met the Chairman of DANONE .A chance meeting, I suggested him why don't we create a DANONE - Grameen Company in Bangladesh. He said “to do what” and I said to produce yogurt. For a special purpose.to address the problem of malnutrition among the children of Bangladesh. We put all the malnutrition needed for the children and put them in the yogurt and make it very cheap so that poor can afford it .If they eats the yogurt twice a week for a year they will regain their full health. The DANONE chairman agreed. I said it will be a social business .he said “what is a social business? “I

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explained in this kind of business you can invest but cannot take any dividends. You can take back all of your investment back but after that it stop the profit will go back to expand the company to reach out for more children because it's driven by a social objective and he said "I agree"

The example above was the story of one the most successful social business experiences in Bangladesh. In this case they tried to solve malnutrition problem among the children of Bangladesh. The Grameen group used the expertise of DANONE and tackle to solve the malnutrition problem. The story of this cooperation is in the final case of this chapter.

In today's business world many corporates aim to invest in solving social problems. However the investment usually has no impact and it's just spend as a part of the budget. A comprehensive social business model can guide the enterprises to manage their donations and investment in way that has most possible impact on social problems. According to European commission social businesses have SME's problems alongside with their own specific problems. "Social enterprises should be able to benefit from the advantages of the internal market just as much as other businesses. This applies, of course, to large enterprises which may be able to expand at continental level or even only across the borders of their country, but small social enterprises, which mainly have their roots solely in local activities, are also directly affected by the rules of the internal market on bank regulation, access to structural funds or public procurement. Above all, social enterprises have difficulty finding funding, for which their needs vary according to their level of development (conceptual support, development of pilot projects or prototypes, large-scale development)."

The paper tries to review the best Social Business (SB) models and provides a conceptual business model to reduce such obstacles in running social business

## **LITERATURE REVIEW**

### **Part I: Business Model**

Business model definition: surprisingly the business model is often studied without explicitly defining the concept (Zott 2010). This lack of exact definition has led to confusion. The origins of the business model concept can be traced back to Chandler's seminal book '*Strategy and Structure*' from 1962. Strategy, Chandler states, "can be defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals" (Chandler 1962, 13). After Chandler's discussions the Ansoff matrix was developed and for a long time it remained the main framework for developing a business model. Andrew's work (1980) on corporate strategy also develop the business model concept. The emergence of developing a prevalent business model concept has since the advent of internet in mid-1990's. the number of articles addressed business models has increased exponentially. The emergence of dot com companies in late 90's led to search for definitions of a business model. For so-called highly competitive Chaharbaghi *et al.* (2003) identify three interrelated strands which form the basis of a meta-model for business models: characteristics of the company's way of thinking, its operational system, and capacity for value generation. This definition was on the basis of Porter's work.

In 2004 a comprehensive model proposed by Osterwalder which named canvas business model. This model built blocks for the activities taken applying a business strategy.

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