



Social Business

A. Wahab FCA



Social Business is a new concept of business run on the principle of meeting the basic needs of the society covering the

subjects of health care, housing, financial services for the poor, nutrition for the malnourished children, providing safe drinking water, introducing renewable energy etc. in a business way. It deals with the social objectives designed around social tools, social media and social networks etc.

Prof Dr. M. Yunus, a key proponent of Social business model, has introduced this idea across the world. This idea focuses on earning profit not only for the satisfaction and enjoyment of an individual but also for maximizing other aspects of life, religious, ethical and emotional. So Prof. Dr. M. Yunus postulates a new world of business in which profit maximizing enterprises and social benefit maximizing enterprises co-exist. The only difference is that in a traditional business the owners get dividend in the form of distribution of profit, whereas in a Social Business the

owners only can re-coup their capital and not the earnings thereof. The earning of Social Business is spent on the social objectives of the entity.

This new concept is getting popularity across the globe gradually. At the initiative of Dr. Yunus Social Business idea has been emerging in the countries of Eastern Europe specially in Hungary, in countries like Haiti, Columbia, Albania as a tool to solve the social issues. He already started some social business companies in co-operation with big companies in Germany, U.S.A, Japan, Scotland, Italy, Russia etc. The trend of this Social Business is followed one by another. For example, where there is the Danone there is the Nestle and where there is the Adidas there is the Nike. If this trend does continue the prospect of the Social Business seems to be bright world-wide.

In our country also there is the possibility of running this form of business under the companies Act 1994, to meet the social and economic needs of the people covering the areas of accommodation, health, education, information technology, renewable energy etc. of those who need it basically.

Under Section 28 of the Companies Act 1994 there is the ample provision of promotion of science, arts, commerce, religion, charity or any other useful objects as per Memorandum of an entity formed for these objects and intends to apply its profit, if any, or other income to the promotion of these objects and to prohibit the payment of dividend to its members. Under a license from the Govt. to carry on the business as noted above for the services to the Society, the entity can operate in Bangladesh. However, on failure to render the useful services as noted above, the entity will lose its license and be treated as other Companies under the Companies Act 1994. The organization registered under section 28 to perform the business laid down there under, shall enjoy tax exemption by the nature of activities undertaken by it, instead of applying for any tax exemption separately.

The organization will run business like any other organization under the Companies Act 1994 and its employees and CEO will enjoy the same facilities like any other traditional business, only with the exception that the profit shall not be distributed among the members of the organization for their investment therein.

In social business the employees shall put their maximum effort to earn more and to spend the earning for the development of the Society and for the promotion of the social objects for which it is formed.

Under the initiative of Prof. Dr. Yunus Social Business has started functioning in the sector of education, health, agriculture, banking, telecommunication, Solar Power, Textile, Weaving, marketing etc. and are earning profit for social promotion in respective fields instead of distributing the profit among the sponsors of the companies for their capital investment in the entities. In this respect the projects noted hereunder in association with foreign participator are worth mentioning.

Auto Grameen:

This project is under implementation and will produce sustainable dress of International Standard. This is a Joint Venture project between Auto group of Dress manufacture companies of Germany and the Grameen Trust.

Grameen Uniqlo Ltd.:

Re-useable/Re-cycled napkin are produced by Joint Venture of Uniqlo and Grameen Healthcare Trust. This will meet the demand of Sanitary napkin supply at a cheaper price to the women folks of Rural areas of Bangladesh.

Grameen Fibreglass Ltd.

This is a Joint Venture Company of Grameen Telecommunication Trust and IES Alliance of Bahrain to manufacture fibreglass. The object of the company is to make bio-gas popular in Bangladesh along with hygienic sewerage arrangement. The fibre glass produced by the project can be used in the manufacture of boats and furniture etc.

Prof. Dr. Yunus while receiving his Nobel Prize in 2006 in Oslo for his contribution of Micro Credit in the

alleviation of Poverty World wide made a statement saying that he wants to see the world in new order through Social Business in the same way as his idea of Micro Credit to alleviate the Poverty from world was evolved.

To achieve the objectives of this new concept of Social Business he desires that the needy people shall be supplied with commodities, facilities and services at a cheaper rate through the efforts of those associated with the organizations concerned by earning profit and spending it in the welfare of the society.

To materialize his dream of a new world order, he sought the co-operation and assistance of the big companies. He got huge response from Danone a famous company of France to form Grameen-Danone in Co-operation with the Danone of France. Another French company, Veolia Water Ltd. came forward to support the formation of Grameen Veolia Ltd. In this way, with the support of the foreign Companies he was able to form Grameen Internet for I. T. Services, Grameen Adidas etc. to produce goods and services at cheaper rate.

The object of the companies was not only to make profit but also to meet the demand of nutrition, pure water supply, supply of shoes, providing I.T services at cheaper rate to the needy members of the Society.

Social Business is to be run keeping in mind the following basic principles:

- The objects of the business is to remove social problems involving vulnerability in the social life such as health, illiteracy, accommodation, lack of facility, environmental hazards and disasters, unemployment etc.;
- The projects concerned should be economically feasible, financially viable and environmentally sustainable;

- Instead of distributing the profits among the sponsors it will be re-invested in the expansion of the projects to accelerate the project earning;
- The projects shall be environment friendly and non-hazardous and be ideal for work;
- The workforce will get their remuneration as per rules prevailing in the country and the CEO also will get the remuneration and other facilities as he deserves as in other traditional entities of the country.
- An attempt should always be taken to keep the employees happy so they can put their maximum effort in the maximization of the earning of the project.

Once Social Business can prove its worthiness in the society by delivering the services needed by the members of the Society, its advancement can never be stopped and it will be flourishing in the society day-by-day through its services to the needy.

To flourish, Social Business requires only personal initiative and creativeness of its employees. Here the employees will work to improve their lot and also to promote the social services for the community as per their requirements. The CEO in the like way shall put his merit and energy for the benefit of the Society and shall not be treated as a profit earning tool for the personal satisfaction and enjoyment of the sponsors of the company.

In the context of the above, we wish the journey of the Social Business to be smooth and uninterrupted in this world of the ever growing problems and clash of interest among members of different quarters and thoughts and finally coming to an end with the aspirations of the people at large to achieve a common goal of peace for all.

The Author is a Member of ICAB & Senior Partner, A Wahab & Co. Chartered Accountants