

# Building Social Business: Reduction of Social Gap

MUSHAGALUSA GANZA WILFRED, PhD

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## ABSTRACT

➤ *Building Social Business: Reduction of Social Gap*

Balance between capitalism and socialism (focal point) is a way to develop a middle class without stifling the richest (upper class). That said, it must allow a redistribution of wealth and access to goods and services to so-called vulnerable populations worldwide to reach their emergence, some material and financial autonomy, acceptable to allow them to live decently. This is to greatly reduce, if not completely eliminate, the social gap between rich and poor with the goal of zero poor on the planet.

By developing this topic, I believe certainly the social business as powerful tool will help enact positive change in our crazy world. I am interested to end poverty, to give legal chances as soon as poverty is not created by poor people as said YUNUS. We have obligation to the future generation. It is the children's world now they inherit from us and we have to give them all the tools and skills necessary for them to succeed and prosper.

Our work is focused on how we can empower human beings, how to overcome poverty by using social business as the model.

And so the contribution of the Social Business that we call Community-based organisation in the global balance in development, the fight against poverty, the agreement of equal opportunities for all, education for all, access to basic services and common property of humanity are there effective responses to the difference between capitalism and pure socialism.

*Key words:- Social, business, poverty, opportunities, capitalism, organization, humanity, Community, development, access, gap, balance, services,*

## CHAPTER ONE

### INTRODUCTION: PURPOSE OF THE TOPIC

Balance between capitalism and socialism (focal point) is a way to develop a middle class without stifling the richest (upper class). That said, it must allow a redistribution of wealth and access to goods and services to so-called vulnerable populations worldwide to reach their emergence, some material and financial autonomy, acceptable to allow them to live decently. This is to greatly reduce, if not completely eliminate, the social gap between rich and poor with the goal of zero poor on the planet.

The human face to challenges of humanity is as a victim facing his executioners (the impotence of action). He does not know that the future of humanity depends on the dynamic social equilibrium, that endangered species must be protected for example, climate change, the defeat of international finance, disruption of business climate, resource sharing difficulties, the regional and international integration are daily challenges, the digital gap creates imbalance, and physical barriers are delaying integration and converged development.

The fact is that all challenges are adaptive. It's to say directly related to human behavior, the inertia of change that modern man must prune completely and return to positive values for the common future to bring humanity to converge to an optimal and acceptable point for completely eradicating poverty, social inequality, lack of access to the common heritage of mankind, undernourishment, consecutive chronic diseases, inappropriate conflicts, the tributary injustice, moral depravation and demoralization, lack of access to primary health care and effective basic education and for all, water and electricity, low incomes, etc.

I believe certainly the social business as powerful tool will help enact positive change in our crazy world. I am interested to end poverty, to give legal chances as soon as poverty is not created by poor people as said YUNUS. We have obligation to the future generation. It is the children's world now they inherit from us and we have to give them all the tools and skills necessary for them to succeed and prosper.

We would like then to focus our work on how we can empower human beings, how to overcome poverty by using social business as the model.

#### ➤ *Description*

Social Business was defined by Nobel Peace Prize laureate Professor Muhammad YUNUS and described in his books creating a world without poverty – Social Business and the future of capitalism and Building Social Business – The new kind of capitalism that serves humanity's most pressing needs. In these books, YUNUS (M. Yunus, 2010, p.2) defined a social business as a business created and designed to address a social problem, a non-loss, Non-dividend Company dedicated entirely achieving a social goal or is a profit-making company owned by poor people, either directly or through a trust that is dedicated to a predefined social cause.

Latifee, Enamul Hafiz (2013) in his book the "Social business: A new window of poverty alleviation" talk about YUNUS who said: "the profits made through a social business's operations are less important than the beneficial effects it has on society. In his book (Latifee, Enamul Hafiz (2014)). "Tourism economics, pollution & social business" saying that Muhammad YUNUS has more recently founded YUNUS Social Business (YSB) to study, support and invest in young social businesses .

The social business can also be seen as a non-governmental organization with commercial arms. It is a non-profit organization that does not rely on grants and donations, but instead earns income through selling goods and services as defined by [www.futurelearn.com](http://www.futurelearn.com).

After this definition of the social business, we will describe using SWOT (Strength, Weaknesses, Opportunities and Threats) analysis the subject then how the social business relates to the modern world. This will lead us to subscribe this into the actual environment through actualization point, which means to put the subject in the real environment. Discussions will be followed by the general recommendations.

## CHAPTER TWO GENERAL ANALYSIS

Though this chapter we will present the General Analysis using SWOT (strengths, weaknesses, opportunities and threats) to have a look of the subject: what are strengths, weaknesses, opportunities and threats of the social business.

### ➤ *Strengths*

- Self-sustained business
- Non-loss, non-dividend
- Humanity's needs specially for poor people are addressed
- Investors get back only their investment
- Less vulnerable to market fluctuations
- Generates new opportunities
- Business competition is enhanced. More diversity in goods and services.
- Business plan development
- **Weaknesses:**
- New concept, lack of manual contextualized for building a social business (no standards)
- Have to find investors social business oriented
- Small job opportunity

### ➤ *Opportunities*

- Governments needs to solve the problem of poverty
- People express their creativity and entrepreneurial spirit
- Market diversification
- Technology development – virtual enterprises
- Change the World in the way it becomes the place where there's hope
- doing things differently than always
- The ability to put ideas into action

### ➤ *Threats*

- Low involvement of governmental, regional and international organizations in the market social oriented.
- The instability and the slowing global economy
- High rate of poor people
- Lack of relevant regulations
- Profit making company is owned by Rich People
- Cultural barriers

## CHAPTER THREE ACTUALIZATION

It's important in our study to show connection between social businesses in the reality of everyday. This will, for example, find tips to create a business that will enable the poor people to obtain quality of goods and services but at low price.

To illustrate the social business purposes, let us take the Case of NAKASEKE TELECENTRE in REPUBLIC OF UGANDA.

The objective of our visit was to share experience with NAKASEKE TELECENTRE Management Team as we were preparing to develop the Business Plan and proposal to establish a telecentre as a program of Congo Initiative – Christian Bilingual University of Congo in the Eastern Congo of the Democratic Republic of Congo).

Our main concerns were

- Seeing what NAKASEKE TELECENTRE is doing and how (kind of services running)
- What are steps that had been done to set up a telecentre
- What time takes to write a Business Plan
- Was there any need at the beginning for formal training for running telecentre
- What was fundraising strategy at the beginning and sustainability
- Challenges that telecentre have had
- How many and kind of clients telecentre have (from business, schools, etc.)
- Advice that they can have for us.
- After deep conversation with NAKASEKE TELECENTRE team, these are some elements:
- The NAKASEKE TELECENTRE was lunched as Community TELECENTRE (government, students, business man through multiples partners (UNESCO, BRITISH, UGANDA TELECOM, the government...))
- Government contribution : No taxes to NAKASEKE TELECENTRE
- Discounted price to access the NAKASEKE Public Library (for students, women, etc.)
- Computer training free of charge to student and that for one month in holiday
- Partner with small business project, helping them for start-up
- Radio station broadcast 35 schools teachers every Sunday and competition among schools : free of charge
- Internet discounted price for youth, civil servant, women
- The demand is driven by the community need
- The involvement of the community and ownership
- Telecentre was youth demand

The Business Development Centre, case of NAKASEKE TELECENTRE is such a social Business that helps access the technology, telecentre resources to the community specially “vulnerable people”, young people, women, poor people and at low price. The NAKASEKE TELECENTRE become then the community based business.

This kind of activities helps NAKASEKE TELECENTRE to have full support of the community and was then lead by the BOARD composed by civil servant, governments, youth, women, etc. , now NAKASEKE is as the church in the middle of the village. NAKASEKE TELECENTRE is now called MULTIPURPOSE NAKASEKE COMMUNITY TELECENTRE.

### A. *Experimental Examples*

Some schematic practical cases can illustrate the social business:

➤ Case 1: Fair Trade of Cocoa

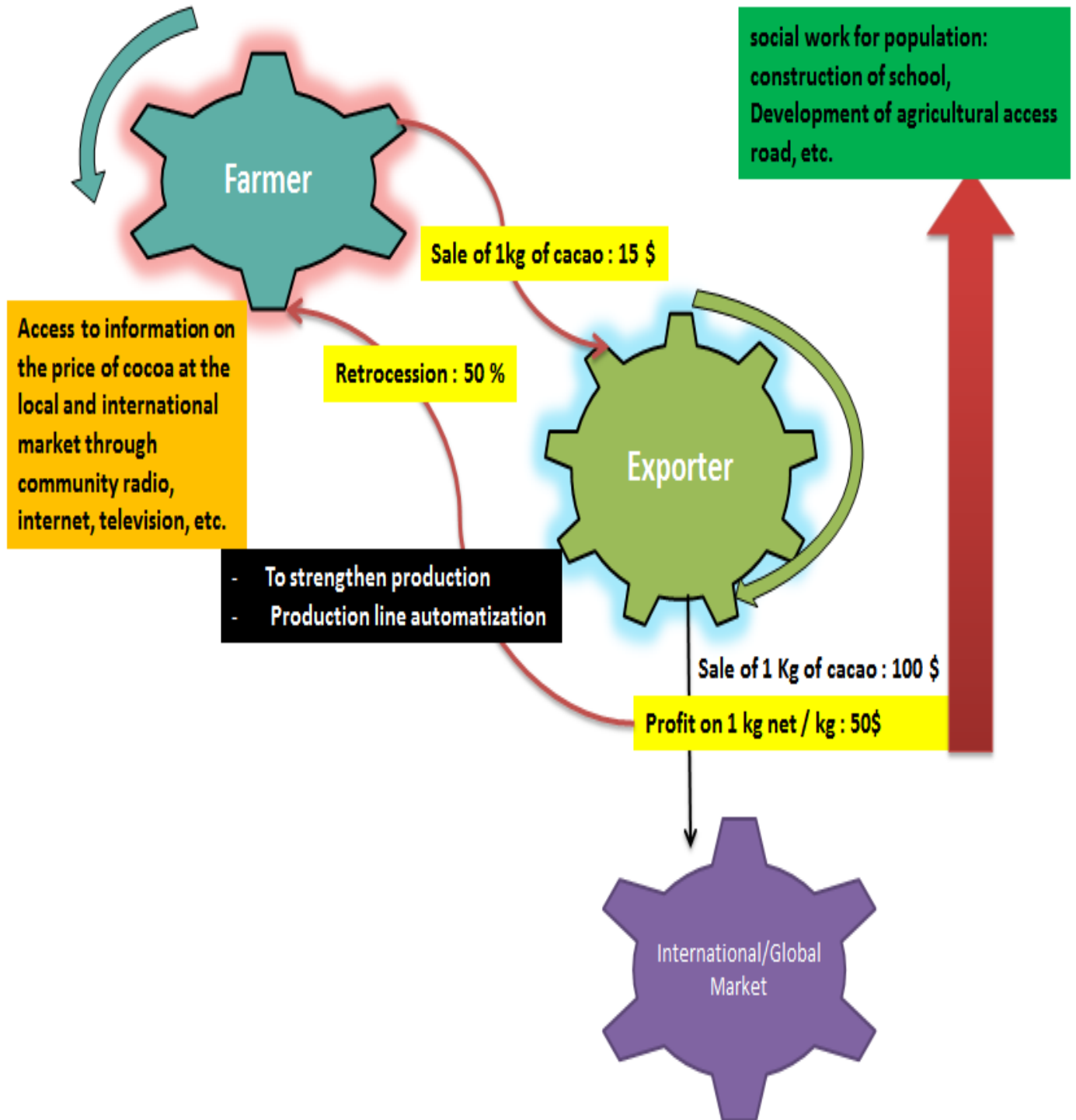


Fig 1 Fair Trade of Cocoa

The farmers produce cocoa at a price of \$ 15 per Kg. They sell it to exporters who resell it on the international market at a price of \$ 100 per Kg for example. The exporter obtains a net profit of \$ 50 / kg. In the context of fair trade, the exporter may agree to surrender 50% of its net profit to the farmers to increase their production or for its automatization. And so the farmers will also have access to information on the price of cocoa at the local and international market through community radio, internet, television, etc. The exporter may also invest part of its profit in social works such as construction of schools, construction of rural roads, etc.

➤ Case 2: Case of Employees in a Business Trading

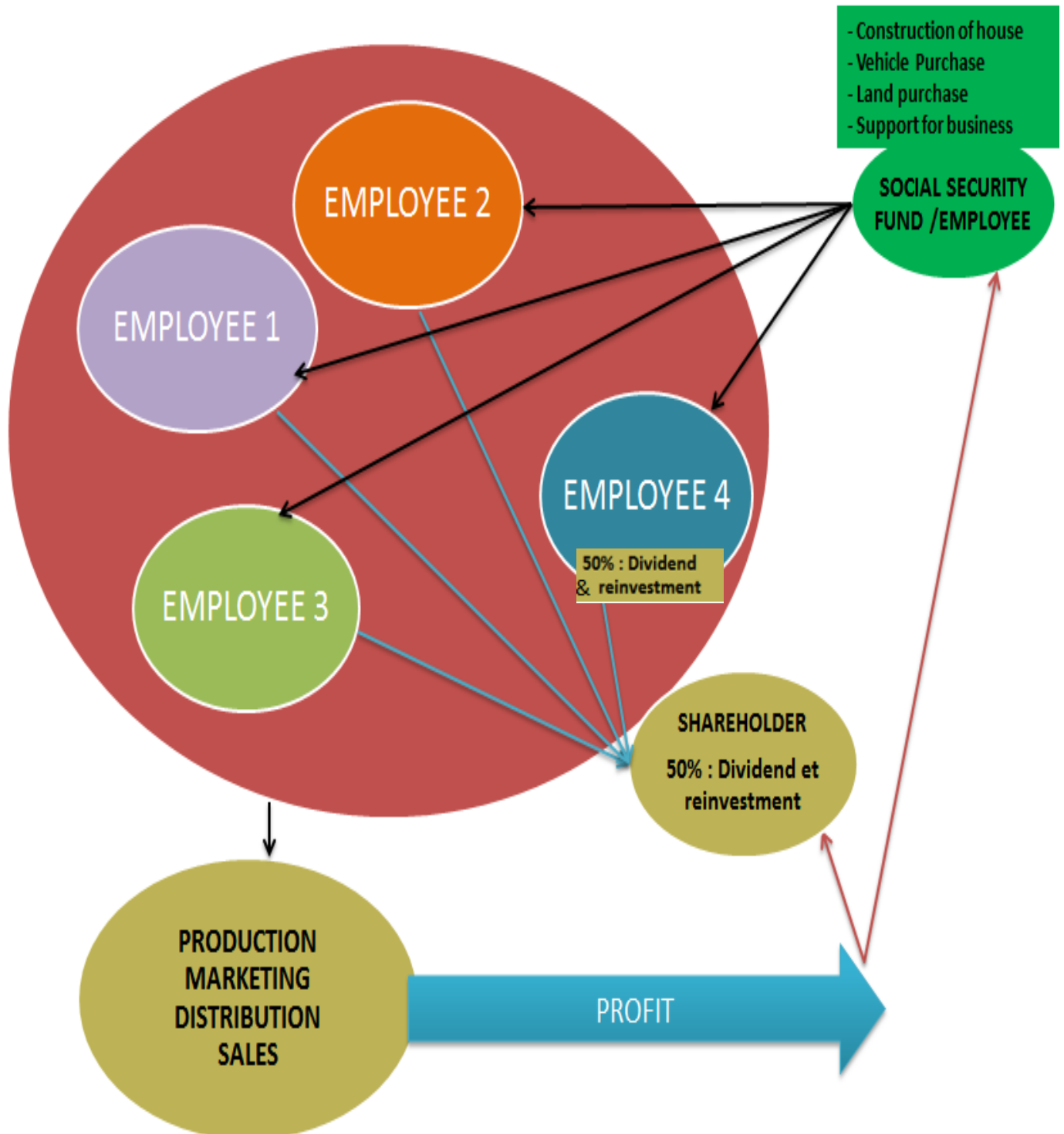


Fig 2 Case of Employees in a Business Trading

Employees of a company are working to enable the production, marketing, distribution and sale of the company's products. While 50% of the company's profit is distributed to shareholders as dividends or reinvestment, the other 50% can be redistributed to employees in the social security fund like a retrocession of each employee efforts and that in term they could become shareholders of the Company: the company is expanding its activities and improved living standards of employees.



➤ Case 3: Education - School Fees

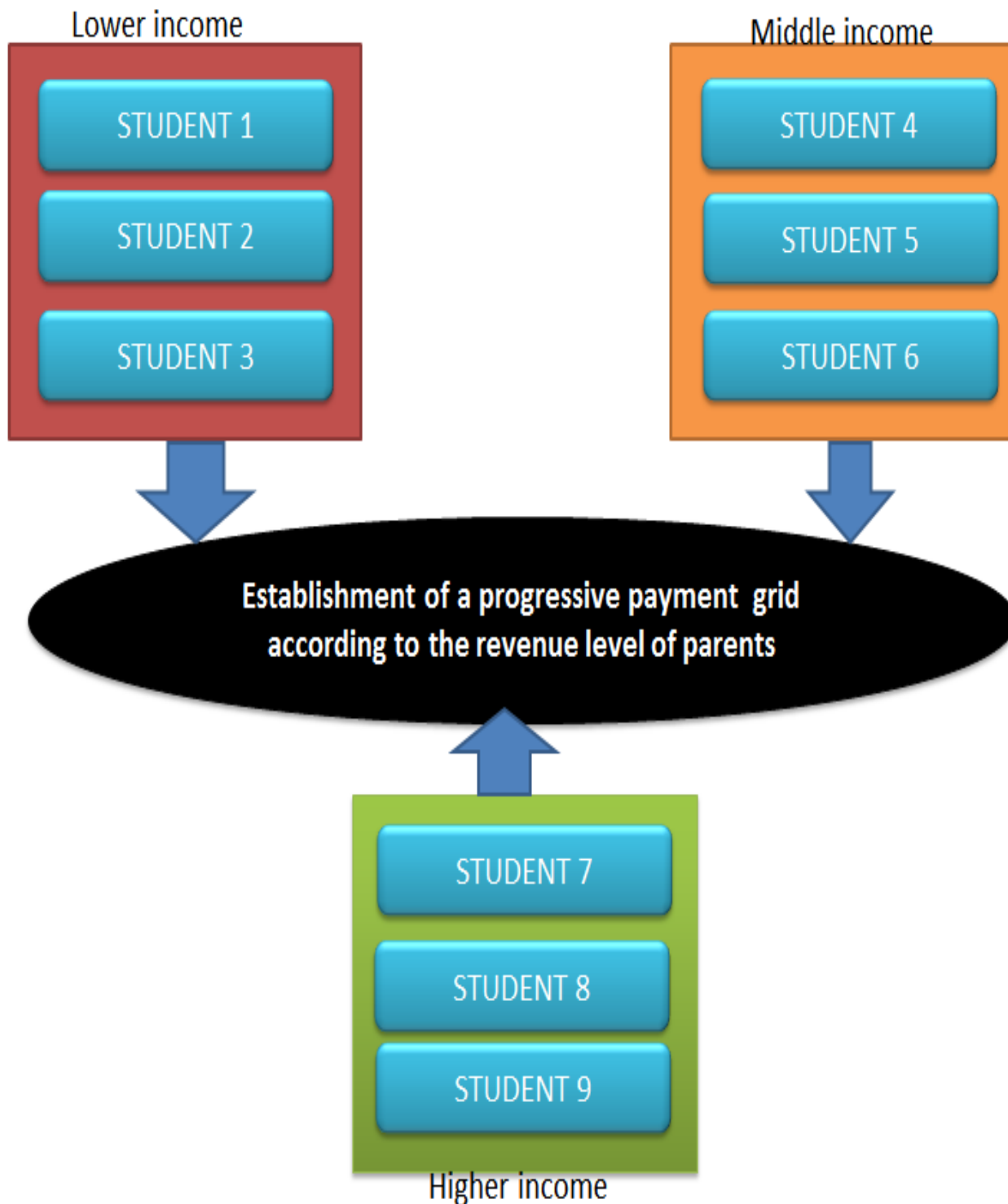


Fig 3 Education - School Fees

Here we classify three categories of student: student whose parents have low incomes, others whose parents have average incomes and those whose parents have high incomes.

Students whose parents have a higher income cover some expenses (calibrate) for those whose parents have a lower income. This allows all students to have equal access to basic education.

➤ Case 4: Tourism - Access to National Park

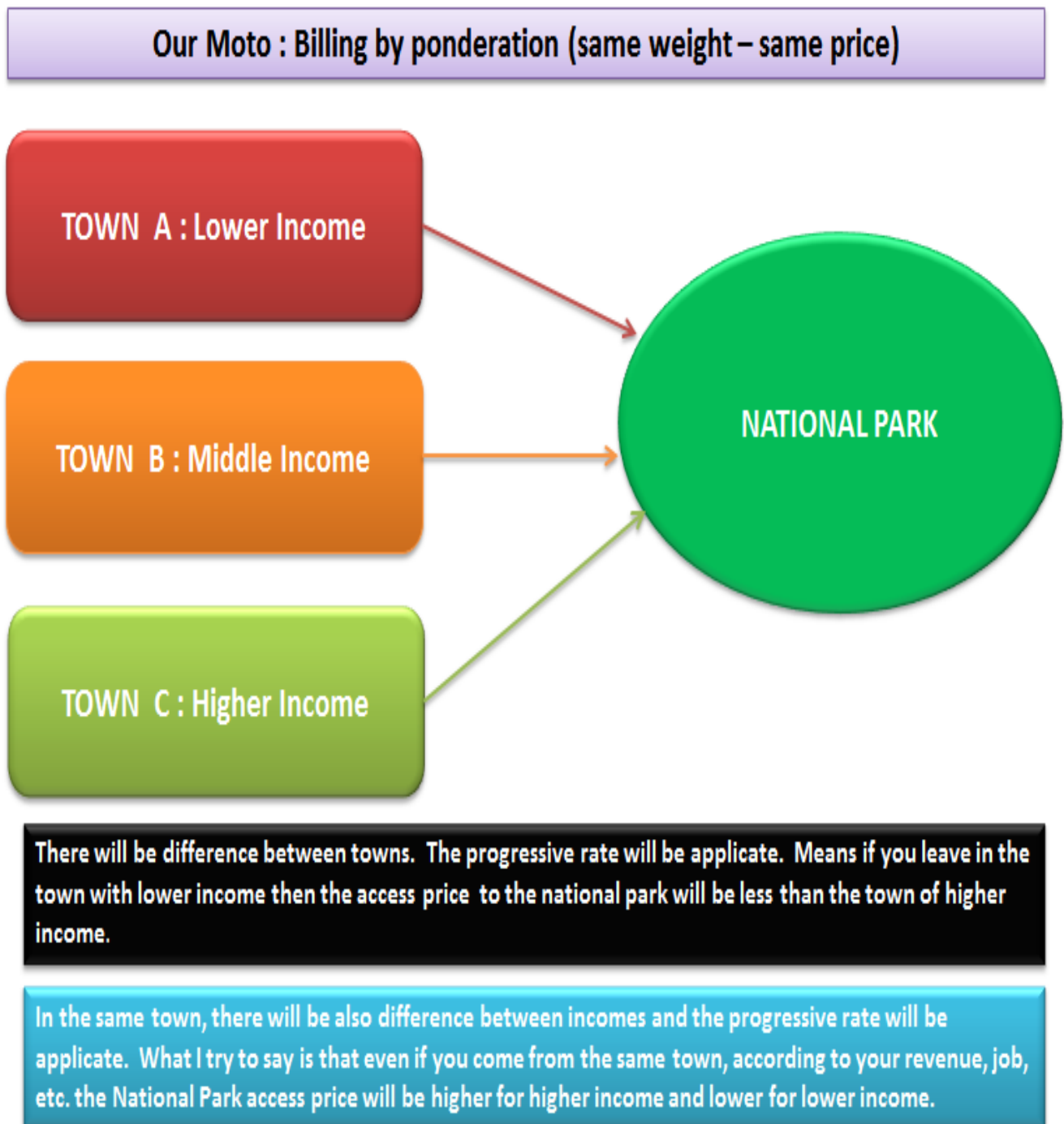


Fig 4 Tourism - Access to National Park

I call this approach billing by weight (the same weight costs the same price).

➤ Case 5 : Food Market

### ECONOMIC EQUALIZATION

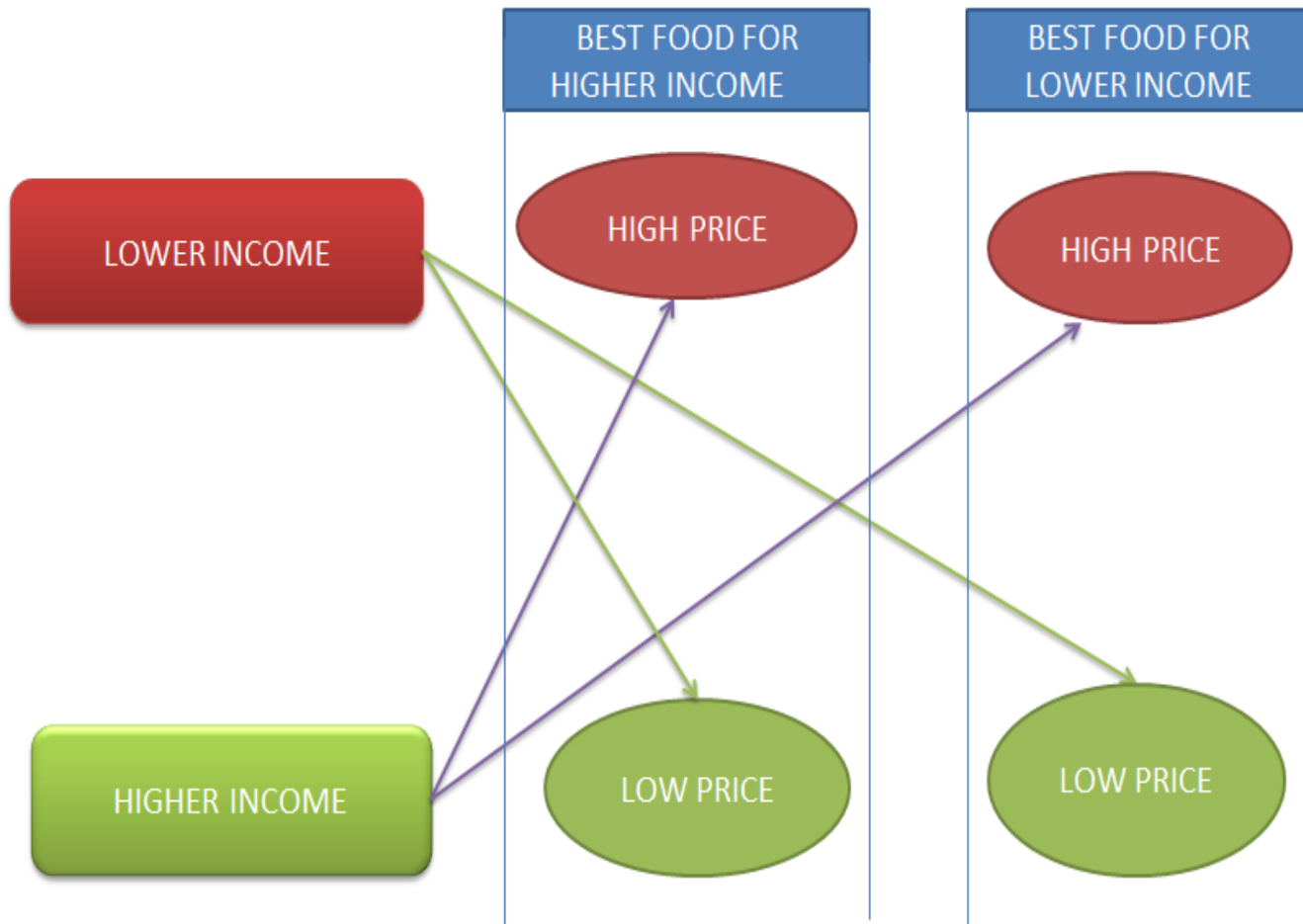


Fig 5 Food Market

This case is to increase access to basic food to low-income populations. This means therefore that the most food consumed by the low-income population to be sold more expensive to those who have high incomes. And conversely, the most food consumed by the higher income population to be sold cheaper to those low-income but remains high price to those with higher incomes. The color of each shape demonstrates that the low-income population (red) has access to food at low prices (green) and the high-income population (green) has access to food at high prices (color red). This is what I can call economic and social equalization.

## CHAPTER FOUR DISCUSSION

Building the Social Business must carry out advantages and inconveniences at local, national and international level.

At local level:

Advantages:

- Support local community to enhance the business competition capacity
- it does not undergo variations in market
- It present new ways to raise up creative and innovative solutions
- As result, it can revitalize the local economy
- It help Government to be supported in their mission of ending poverty
- Inconveniences:
- New concept, lack of manual contextualized for building a social business (no standards)
- Have to find local investors social business oriented
- Small local job opportunity
- At National Level:
- Advantages:
- Can be extended in the all country
- Support the government's plan for ending poverty
- Is not vulnerable to market fluctuations even in the big cities
- Is the Community based business
- Inconveniences:
- If no regulation can the become a problem for the government's
- Taxes can be reduced then it affect the government's revenues
- At global level (international):
- Advantages:
- Can be extended at international level
- Can initiate regional and international integration
- It can solve intercommunity needs
- Inconveniences:
- If no regulation can then affect the regional, international economy

## **CHAPTER FIVE**

### **GENERAL RECOMMANDATIONS**

- The social Business must be adopted as the solution to address the most pressing needs of the community
- The nations must figure out how to bring the social business model to help their government to solve the poverty problem
- Introduce the new approach of such kind of business in schools, administration to make sure that upcoming generation of children will have creative and innovative spirit

## **CHAPTER SIX**

### **CONCLUSION: A NEW PERSPECTIVE**

The contribution of the Social Business that we call Community-based organisation in the global balance in development, the fight against poverty, the agreement of equal opportunities for all, education for all, access to basic services and common property of humanity are there effective responses to the difference between capitalism and pure socialism.

To establish this type of community reflection, against a slightly more balanced future, we need to establish clear mechanisms to consider in different programmatic frameworks for each community, city, province, country, region, international group to enable activities such as occur and boost the global economy.

This will for example create free trade zones with access to all social classes, but the so-called lower class can enjoy the advantage over rates in their favor and not constant. Here then it will solve the problem of accessibility for all and equal opportunity but at cheaper rates for the lower class to all services and public goods, the common heritage of mankind to reverse the trend up to the desired balance. So we will have a systematic regulation or even a regulation complies with prescribed social business vis-à-vis its global vision.

So it is more than necessary that awareness is done from bottom to up (from primary schools, secondary schools, universities, business, churches, different communities) for the validity of such an economic system to prepare future generations in its adoption and to then improve the business climate or even adapt to future context.

Taking the model of NAKASEKE TELECENTRE in Uganda, comparing the partnership developed with the community, government, NGOs, Enterprise, we are sure that the social Business is the Business model for now and future generation.

The social business gives opportunities both for local and global to people in the local community, in Africa, in the world to develop creativity and entrepreneurial spirit.

I believe that the social business is a powerful tool for helping enact positive change in our crazy world. We must support future generation so that they can carry on the philosophy of social business to increase their chance for a better world tomorrow.

Every people, every nation must gain from the global implementation of the social business.

We can figure out how to maintain equilibrium between Capitalism Company and social Company. Increase such kind of company integrating social business Model (SHOP, Company, Microcredit, etc.)

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