

BOOK REVIEW**Building Social Business:
The New Kind of Capitalism
that Serves Humanity's
Most Pressing Needs****Author- Muhammad Yunus****Publisher- Public Affairs, New
York, 2010****Reviewed by:****Amit Kumar****MA (DU), International MBA (IAE de
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In *Building Social Business*, Muhammad Yunus expounds a new form of capitalism, and a new form of enterprise, based on human selflessness. Such novel enterprises, which Yunus defines as "social businesses", are no loss, no dividend enterprises, dedicated entirely to achieving social, economic, and environmental goals such as hunger, poverty, disease, pollution and ignorance. He passionately argues why such businesses should be formed (chapter: "Why Social Business"), and highlights its efficacy in eradicating poverty (chapter: "The End of Poverty"). He addresses critical strategic and operational issues: how social businesses can be launched, how funding can be secured, how partnerships with corporate entities can be forged, which technologies should be employed, and what legal entities the social businesses can choose etc. Distinguishing social businesses from other forms of for-profit and non-profit organizations, Yunus projects and promotes the "social business" model as an alternative to the traditional for-profit business model. One chapter ("Creating a Global Infrastructure for Creating Business") exclusively deals with propagating this new form of capitalism and replicating the social business model throughout the world. His approach is futuristic, his tone optimistic, and at places his writing has missionary conviction.

Social businesses create value for the poor people as consumers, owners or employees. Certain essential goods & services substantially improve people's quality of life, increase their productivity and emancipate them from poverty. Yunus argues that poverty has a systemic origin and it is an external imposition on an individual. In the current market-mechanism, deprived social sections can't access these products & services. Social businesses provide solutions to the aforementioned essential needs in form of affordable market offerings. The objective of social businesses is not to maximize the profits for the investors but to maximum social benefits for the deprived people. The cost-structure of the business and the pricing of the products are

devised in such a way that maximum people can benefit from the offering. Financial surplus (profitability) is mainly for financial sustainability of the venture and for scaling up of the enterprise so that the targeted socio-economic problem can be tackled at a wider scale.

The investors in social businesses get absolutely no dividends. There is however an exception; entrepreneurs share the profits among themselves if they themselves belong to deprived social sections. Yunus calls such ventures Type-II social businesses (“businesses owned by the poor”). An example is Otto Grameen. Such sharing of the profits has a direct implication of poverty alleviation. Performance of a social business is evaluated by the social value created rather than the revenue or the profitability earned by the company.

Besides the social objective and related strategic decision-making, the social businesses, according to Yunus, should be planned and operated as any other for-profit organization. In chapter “Launching a Social Business”, Yunus explains how entrepreneurial opportunities for solving social problems can be recognized, how overarching objective can be translated into specific goals, how realistic and useful business planning can be done, which technologies can be employed, and how talents can be attracted. He also underlines the importance of partnering with corporate entities, and employing their sector-specific competencies, technical expertise, and project management skills. Yunus suggests entrepreneurs to start their social businesses small. The venture should evolve as a learning organization, and scale up when the concept is a proven success.

The book gives a comprehensive account of three social businesses, from the conception to the implementation (at least pilot) stage. Grameen-

Danone offers micro-nutrient fortified shaki doi (energy-yogurt) to rural children in Bangladesh. Notably malnutrition is a major problem in the country. Similarly Grameen-Veolia Water aims to provide affordable and sustainable water supplies to poor rural regions facing arsenic-contamination. In both the cases, Grameen possesses market-knowledge and network, whereas the partners, giant French multinationals, possess exceptional operational and technological capabilities. Both Danone and Veolia Water are for-profit organizations yet they are experimenting with the new business model enthusiastically. Veolia Water approached the Bangladesh-project as a unique R&D opportunity. Veolia operates in many developing economies and a low-cost model can be immensely efficacious for it in future. In these two cases, Yunus also exhibits how the support for social business efforts can be garnered within a for-profit organization. Initial marketing performance of Grameen Danone and Grameen Veolia Water was less than successful, necessitating certain strategic alterations, such as subsequent entry into urban markets, further innovative product-design, lower pricing, revamped distribution-networks, and cross-subsidization. There was also an obvious challenge of market-development. The third case is that of a traditional NGO, Cure2Children. Spearheaded by Italian surgeons, the organization offered bone-marrow transplantation in children suffering from thalassemia and leukemia in Pakistan. The NGO also aimed to increase the awareness about thalassemia and promote its screening & prevention. Cure2Children, along with Grameen, planned to come up with a social business venture in Bangladesh. The chapter “Glimpses of Tomorrow” gives a brief account of a few other social business ventures, and the social value created by them. It also informs the readers of political willingness in Colombia, Albania and Haiti to embrace this new business model for poverty alleviation.

Should a social business legally register itself as

a for-profit business structure? Or it should recognize itself legally as a non-profit entity? The chapter “Legal and Financial Frameworks for Social Business” offers a critical appraisal of various legal framework-options for social businesses. It also discusses some emerging alternative structures, viz. Community Interest Company (CIC), Low-profit Limited Liability Company (L3C), and Benefit (B-) Corporations.

“Creating a Global Infrastructure for Social Business” is a very interesting chapter, which explains how Yunus envisions the dissemination of his social business concept. The Yunus Centre and The Grameen Creative Labs two cardinal institutions; the former shares the Grameen information and learning, whereas the latter provides consulting services to social business ventures. Yunus considers universities and business schools across the world as powerful centers for propagating his social business model and for influencing different stakeholders such as government agencies, for-profit companies, charities, foundations, and citizens’ groups etc. Yunus also argues for creating investment funds committed to supporting social businesses. He envisions that the next step in building global infrastructure for social business is institution of a Social Stock Market. Although the social stock market may sound a bit far-fetched and fanciful, the micro-credit concept in itself was an ‘impossible’ concept until it proved successful on the ground.

In chapter “The End of Poverty”, Muhammad Yunus opines that most of social-economic, financial and environmental crises originate from the traditional economic structure. The poor are the worst affected people in any crisis yet receive minimal support. Yunus talks of bringing fundamental changes in the economic and financial structure. In this new global architecture, he envisages a crucial role of social businesses. Although such changes seem at least unlikely,

Yunus is optimistic about these changes and an end of poverty in near future.

This book is an instructive and inspirational reading. It is practical, and offers precious insights to those doing business in developing countries. It is valuable not only for the students and the practitioners of social business entrepreneurship, the poverty intervention social activists, the developmental organizations and the corporate executives, but also for the policy-planners and the academia.