

Social Enterprise

What is a Social Enterprise?

A Social Enterprise is an enterprise that makes use of a business model that applies entrepreneurship strategies to achieve philanthropic goals or to solve a social problem. According to Mohammed Yunus, a pioneer in social entrepreneurship and micro financing, a social business is a non-loss, Non-dividend Company designed to address a social objective within the highly regulated marketplace of today. He believes, it is distinct from a non-profit because the business should seek to generate a modest profit but this will be used to expand the company's reach, improve the product or service or in other ways to subsidise the social mission. In essence, social enterprises focus on achieving social goals while sustaining its operation.

Social enterprises have several advantages over a usual business venture:-

1. They are able to raise capital below market rates due to their moral objectives.
2. They are easier to publicise as people's can relate to the problem.
3. Usually, such enterprises use the affected people as labour; thus, enjoying cheaper labour costs.

One of the most common forms of social entrepreneurship in developing countries these days is based on micro financing. In addition, there are a number of organisations focussing on environmental objectives due to the current threat of global warming, deforestation and destruction of natural habitats of plants and animals. Prominent examples of social businesses include Grameen Bank in Bangladesh started by Nobel Laureate Muhammad Yunus and Self-Employed Women's Association (SEWA) in India founded by Ela Bhatt.

Recipe for a Social Enterprise

There are three ingredients of what constitutes a Social Enterprise model. First, one must recognise a **social problem** in place. Second one must have an **entrepreneurial mindset and skills** to develop a business venture to alleviate this problem. Thirdly, the venture must inspire **social change**. In the case of a social enterprise, the performance of the venture is measured in terms of the social benefit it brings instead of just profit and loss.



Recipe for a Social Enterprise: This diagram depicts the fundamentals of a social enterprise model, a culmination of three things i.e. Social Problem, Entrepreneurship skills and social change.

Difference between a Social Enterprise and Corporate Social Responsibility

One must realise the difference between corporate social responsibility and a social enterprise. In the former case, a commercial firm would make charitable gestures towards a social cause, to improve its brand image and financial value. On the hand, in the latter case, doing welfare for the community is the main reason for starting the enterprise. A social enterprise, unlike other firms, does not usually offer extensive monetary benefits to their investors, except where they believe that doing so will extend their ability to fulfil their social cause.

How to start a Social Enterprise?

1. Identify a social problem or challenge.
2. Employ the entrepreneurship principles to develop a business venture to inspire social change.
3. Submit your Executive Summaries to the 13th Start-Up@Singapore. Shortlisted teams will be invited to participate in a Social Business Bootcamp on 20-21 February organised by The Grameen Creative Lab at NUS. This will be a 2-day workshop to refine your business idea and create sustainable and scalable business model with the coaching of mentors. Participants will get the opportunity to pitch and receive feedback on your business plan from mentors, resource persons, and Nobel Laureate Professor Muhammad Yunus at the end of the bootcamp.