Social Business – Redesigning Our Economies

What is the issue?

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- Grameen Bank in Bangladesh made capital available to the poor - especially women.
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- Its micro-credit program enabled millions to lift themselves out of dire poverty.
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- Its work also exposed the shortcomings of our traditional banking systems thereby flaggin the need for large scale systemic reforms.
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What are the flaws in our economic system?

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- **The Crux -** Our reactions to poverty, unemployment and environmental destruction have been largely muted thus far.
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- These are either perceived as natural calamities completely out of human control or as unavoidable costs of economic growth.
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- **Profit Maximisation -** The central problem with the current form of capitalism is that it prioritises pursuit of individual profit.
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- As a result, only businesses designed around this goal are recognised and supported.
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- **Greater Aspirations -** Goals like the elimination of poverty & unemployment are currently being neglected.
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- These can be corrected if we replace the existing with a new system that

more accurately reflects human nature, needs and desires.
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- Social business models are a beginning in this regard.
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What is social business?

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- Freedom from profit pressures is primary to any social business.
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- It is different from charity as it is designed to generate revenues and thereby become self-sustaining.
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- It therefore does not need to constantly attract new streams of donor funding to stay afloat - which drains the time and energy of so many in the non-profit arena.
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- Social business offers advantages that are available neither to profit-maximising companies nor to traditional charities.
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- The simple economics and sustainablility of social business is already being illustrated by successful experiments worldover.
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Source: The Hindu

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