Volume 03, Issue 01,
January-March 2025
PP: 138-154
Open Access on:
www.alimanjournal.com

AL-IMAN Research Journal
P-ISSN: 3006-1261 E-ISSN: 3006-127X

An Empirical Investigation of Social Business in Developing Economies in Bangladesh and Pakistan

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Article History

Received
12-02-2025

Accepted
21-02-2025

Published
24-02-2025

Abstract & Indexing

Abstract

This study explores the concept of social business (SB) and its relationship with corporate social responsibility (CSR) in the context of developing nations, with a specific focus on Bangladesh and Pakistan. Social business, as a self-sustaining and impact-driven model, offers an alternative approach to addressing socio-economic challenges by integrating business principles with social objectives. This research employs a qualitative methodology, utilizing secondary data from various publications and publicly available records of Grameen Bank, a pioneering microfinance institution founded by Nobel laureate Dr. Muhammad Yunus in Bangladesh. By examining Grameen Bank's initiatives, the study identifies key forms, principles, and funding mechanisms of SB and attempts to draw comparisons with Pakistan's emerging SB landscape. The study systematically organizes and assesses the long-term implications of the SB model, hypothesizing its scalability and applicability to other developing economies. Findings indicate that the SB model operates through a structured five-step process: needs analysis, goal setting, business solution design, proposal evaluation, and implementation. These steps ensure that social businesses remain focused on sustainability and impact. By analyzing social business interventions in Bangladesh and Pakistan, this study highlights SB as a highly effective strategy for addressing poverty and other pressing social issues in emerging economies. Furthermore, it underscores the role of SB in fostering inclusive economic growth, financial empowerment, and sustainable development. The insights derived contribute to the broader discourse on ethical entrepreneurship and the potential for socially driven business models to complement traditional CSR initiatives in developing nations.

Keywords:

Principles, Investment Cycle, Business Model, Emerging Economy, Bangladesh, Pakistan, Social Business, and Corporate Social Responsibility.

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Introduction:

Social business (SB) is a novel paradigm that sits between profit-driven businesses and the non-profit sector. SB focuses on the junction of certain financial and social objectives (Yunus et al., 2015). In contrast to a conventional "for profit" company, SBs prioritize social causes before financial gain, with earnings being reinvested to maintain the viability of the enterprise. In this instance, value is generated as a result of the "profitability" helping the firm attain the "financial sustainability" it needs. Because SBs are not charity, this is quite important. Their founders are not philanthropic donors, wanting only to give rather SB founders are business people who are concerned about getting their money back and not being paid on top (Yunus et al., 2010). Therefore, synergies are created fostering financial self-sustainability as a SB. In order to achieve that, though, traditional business skills such as managing and inovating in a market driven environment are required.

A social business is considered an entity with certain defined social aims as its main purpose, intending to maximize social and environmental profit while making enough revenue to support social activities (Amin & Langendoen, 2012). One such notable example of SB is Grameen Bank, a micro lending institution operating in Bangladesh which gives micro credit to the needy without any collateral. Dr. Muhammad Younus of Grameen Bank, who received a Nobel Prize in 2006, established this bank in 1976. Since then, other nations like Pakistan have copied Grameen Bank, which revolutionized the way financial services are provided to the impoverished in rural areas.

Grameen Bank's success stems from the belief that even the most impoverished people can take care of their financial needs if provided adequate assistance, and microcredit is a means by which socio-economic conditions can be improved.

The principles of SB, as highlighted by Dr. Younus, include addressing social issues like poverty, health, education, and environmental problems with the help of business goals. In SBs, shareholders get back only their initial investment, and after this money is repaid, profit is reinvested into the venture instead of being paid out as dividends. Employees receive market competitive salaries and improved working conditions (Khan, 2016). These principles are not just hypothetical; they have been practiced with remarkable success in Grameen Bank’s model and are now used all over the world including Pakistan where these micro finance models are being implemented. The accomplishment of social objectives, not owner or shareholder profit, is the mission of SBs. In order to ensure that every effort made by the businesses is in accordance with the mission and not for profit, it is imperative that the mission of the SBs be explicitly mentioned in the governing papers of the firms. Even though a lot of SBs could start out with grants or contributions, the goal is to eventually become self-sufficient via the sale of goods and services. By eliminating the need for collateral, Grameen Bank's innovative strategy offers financing to the poorest people in rural Bangladesh based on trust, openness, and creativity. This model has made Grameen Bank a leader in microfinance globally and it shows how available financial resources can empower the poor and bring about substantial socio-economic development (Hassan & Guerrero, 1997). This model of success has inspired similar microcredit initiatives in Pakistan which highlights the role of SBs in fighting poverty and encouraging economic development in both countries.

The notion of Social Business has gained hold in emerging nations, where traditional business models frequently fail to address the most important social challenges, such as poverty, a lack of education, and insufficient healthcare. Bangladesh and Pakistan, both facing significant problems in terms of economic growth, infrastructure, and social welfare, provide ideal ground for the implementation of SB models. Grameen Bank's success in Bangladesh has shown that, given the correct framework, even the poorest people can become self-sufficient and contribute to their local economies. This achievement has prompted Pakistani entrepreneurs and politicians to investigate the possibilities of SB as a tool for reducing socioeconomic gaps and promoting inclusive growth. In Pakistan, the microfinance industry has grown in a similar way, gaining inspiration from Grameen Bank's ideas. Organisations such as the Kashf Foundation and First Micro Finance Bank have launched innovative microcredit programs targeted at empowering low-income people, particularly women, by giving them access to financial resources. These projects have made a huge difference in the lives of rural communities by improving their economic situations and allowing them to invest in education, health, and small enterprises. By implementing the SB model, these banks hope to achieve not just financial sustainability but also long-term social benefit in places generally overlooked by traditional banking systems.

In nations such as Bangladesh and Pakistan, the primary advantage of Social Business is its capacity to develop a long-term strategy for poverty reduction. SBs' self-sustaining nature means that the need for external capital is reduced over time, with revenues reinvested back into the firm to extend its scope and improve its services. This produces a circle of continual growth, both socially and economically, with long-term advantages for communities. Furthermore, the concept fosters financial literacy, entrepreneurship, and community resilience, all of which are critical to emerging nations' socioeconomic growth. One of the most significant issues that SBs in these nations confront is the potential of market failure or inadequate demand for specific goods and services, which might jeopardize their financial viability. Additionally, SBs must traverse complicated regulatory frameworks, overcome cultural hurdles, and fulfill local community needs in an effective and scalable manner. However, these obstacles provide opportunity for innovation and the development of specialized solutions that address the population's individual demands. Successful SBs in Bangladesh and Pakistan have developed adaptive tactics to overcome these obstacles, frequently in collaboration with local governments, foreign organizations, and other players committed to social change. Social Business has enormous potential to revolutionize emerging countries since it provides a new perspective on business and development. It questions the traditional distinctions between the for-profit and non-profit sectors and highlights how corporations may be a force for social good. Grameen Bank's experience in Bangladesh, as well as the rising adoption of SB principles in Pakistan, demonstrate the model's ability to solve crucial social challenges while promoting economic development. As more small companies form in both nations, it is critical to improve the frameworks, strategies, and procedures that will allow these enterprises to survive in their unique socioeconomic circumstances.

With a focus on its use in Bangladesh and Pakistan, this article examines the Social Business (SB) model and explores how comparable models may be used in other developing nations. With an emphasis on the strategies used by Grameen Bank in Bangladesh and its Pakistani equivalents, it provides a comprehensive analysis of the SB's organization, guiding principles, and investment cycle. A conceptual framework for social business in poor countries is also provided by the study, along with important traits and procedures that support sustained expansion. As a result, the study adds to the ongoing conversation regarding social business's role in fostering fair growth and economic sustainability. It also creates opportunities for more study and real-world implementation, helping entrepreneurs and legislators create creative business plans that complement societal impact with economic sustainability.

Literature Review

Wilson and Post (2011) examined the hybrid nature of social businesses (SBs), highlighting their dual function as strategic plans and organizations that leverage market forces to solve enduring social issues. These hybrid organizations blend the market-driven tactics of for-profit firms with the social mission often associated with non-profits. Their exploratory study found that in order for SBs to successfully connect economic and social goals, a clearly stated social purpose is essential to their design and execution. The combination of mission, method, and execution strengthens the sustainability of these efforts by making it easier to satisfy multi-stakeholder duties, according to the research.

The growing significance of social entrepreneurship (SE) in developing nations, especially with regard to optimizing societal well-being, was examined by Akhter et al. (2020). Nevertheless, studies in this area usually provide conflicting findings and don't fully evaluate important factors in developing nations like Bangladesh. Their study examined how social support, prior experience, entrepreneurial self-efficacy, and educational background affected social entrepreneurial intentions (SEI). The results showed that while prior experience had no discernible impact on SEI, self-efficacy, social support, and educational backing all had positive effects.

Since its establishment in 1976, Grameen Bank has played a significant role in the expansion of microfinance and the support of several social enterprise projects aimed at eradicating poverty. Long-term profit mechanisms, strategic alliances, and novel value propositions are some of the components of Grameen's evolutionary approach to SB model development that are consistent with business model innovation, claim Yunus et al. (2010). The five key lessons their study discovered were two unique to SB models—attracting social-profit-oriented stakeholders and defining explicit social profit objectives from the outset—and three parallel traditional business model innovations—challenging conventional conventions, building complementary partnerships, and continual experimentation.

These results demonstrate that by emphasizing stakeholder-driven value creation, SB models have the capacity to transform capitalism and offer a sustainable answer to global socioeconomic issues. In order to solve pressing societal concerns, social business (SB) is a hybrid organizational model that blends market-driven practices with a strong social mission. Wilson and Post (2011) looked into this hybrid nature, focusing on how SBs blend for-profit economic efficiency with non-profit social goals. According to their study, the design and execution of SBs are firmly rooted in a specific social objective, upholding a balance between social impact and economic viability. Because purpose, approach, and execution are closely aligned, SBs may effectively fulfill their multi-stakeholder commitments.

Michelini and Fiorentino (2012) distinguished between inclusive and social business models, identifying important differences as well as shared characteristics. Their research showed that, especially in new distribution tactics in developing countries, these strategies make use of similar partner networks, knowledge-sharing, and value chain structures. Governance structures, value propositions, profit management techniques, social risks, and economic profit equations vary, though. These traits highlight the strategic distinctions between the ways inclusive businesses and SBs operate and support socioeconomic development. In their 2020 study, Akhter et al. examined the rise of social entrepreneurship (SE) in developing nations, emphasizing how it contributes to the well-being of society. Even while SE is becoming more and more relevant, research on it occasionally produces conflicting findings and does not fully examine its primary causes in nations like Bangladesh. Prior experience had no discernible effect on social entrepreneurial intentions (SEI), but entrepreneurial self-efficacy, social support, and educational backing were revealed to be significant positive predictors. Crowther and Reis (2011) examined how corporate social responsibility (CSR) is evolving in organizational behavior in both traditional and social enterprises. According to their results, CSR principles apply to all kinds of organizations, whether they are social or traditional, which emphasizes the necessity of regulatory frameworks to provide uniform ethical standards.

Ever since its establishment in 1976, Grameen Bank has been at the forefront of microfinance and the creation of social business models aimed at reducing poverty. According to Younus et al. (2010), it takes distinctive value propositions, strategic alliances, and long-term profit structures for Grameen to establish creative SB models. They discovered five key takeaways: two specifics to SBs, like drawing in socially conscious stakeholders and establishing clear social profit goals, and three that align with traditional business model innovation (altering conventional wisdom, forming complementary partnerships, and continuous testing). According to their results, SB models have the ability to revolutionise capitalism by shifting the focus from maximising shareholder value to creating value that is driven by stakeholders. Mamun et al. (2019) evaluated the Grameen solidarity lending mechanism's cross-border impact on poverty reduction by critically examining it and its social business framework. Their research revealed that although traditional businesses contribute significantly to economic expansion, SBs try to close the gap by attending to the needs of underprivileged groups who are still left out of normal market operations. SBs add social and economic value to the development process by internalizing the needs of underprivileged communities and enabling them to participate in economic operations.

His idea is essentially a compelling argument for social entrepreneurship, according to Humberg and Braun (2014). Unlike the more conventional charity approach, it makes a strong case for the efficient use of philanthropic resources. According to Erawati et al. (2020), high CSR enterprises have strong stakeholder solidarity and minimal information asymmetry (stakeholder theory). Additionally, CSR elements that have a direct connection to a company's major stakeholders are more successful than those that don't in reducing investment inefficiencies. During the subprime crisis, the effect of corporate social responsibility (CSR) on investment efficiency was very apparent. Their results demonstrated the importance of corporate social responsibility (CSR) in affecting the efficiency and investment behaviour of a business. In their 2020 study, Faisal et al. examined if (i) government regulations affected CSERD levels, (ii) investor value of CSERD, and (iii) the scope of CSERD changed between 2010 and 2014. The results showed that the scope of CSERD was significantly impacted by government restrictions and that the volume of CSERD in 2014 was more than in 2010. The market also responded well to the company's CSER data. The degree of CSERD is still minimal because to the positive impacts of government laws. The government must keep pressuring companies to abide by the rules in order to enhance CSERD.

A new approach to achieving societal impact has been made possible by hybrid organizations that operate under a commercial business model yet pursue a social goal (Santitos et al., 2015). Despite their enormous potential, social firms are also sensitive entities that have to combine achieving a social mission with satisfying corporate needs. Beyond general hybrid management principles, their study concentrated on a typology of SB hybrids and how each of the four proposed types of hybrid organisations may be managed to reduce the danger of mission drift and achieve financial sustainability. Preston and Post (1975) examined how businesses address social concerns through managerial practices. They created the concept of public responsibility as an alternative to the notion that businesses had unrestricted accountability. They developed one of the first systems-based approaches to corporate responsibility and offered theoretical justification for companies' engagement in public affairs. Their greatest gift to society was the idea of a different corporate philosophy that holds the potential to do away with antiquated public-private divisions.

According to empirical research conducted in Bangladesh and Pakistan, social businesses are crucial for poverty reduction, financial inclusion, and long-term economic growth. Grameen Bank's microfinance operations in Bangladesh have significantly empowered marginalized groups by granting credit to small businesses, especially women, and in Pakistan, social firms that focus on education, healthcare, and vocational training have contributed to economic resilience by giving impoverished communities the skills and resources they need. Social business is becoming more and more popular in emerging countries, particularly in South Asia, where social issues and economic inequities are prevalent. Yunus (2010) first proposed the idea of social companies as a self-sustaining model that prioritizes social benefit over profit maximization. The feasibility and operational challenges of social enterprises in Bangladesh and Pakistan were investigated by Khan and Rahman (2019). They emphasized that although these companies have successfully addressed service delivery gaps where government programs fall short, their limited access to finance and dependence on donor funding sometimes cause them to suffer financially. Furthermore, the unique structures of social firms are not fully accommodated by the legal frameworks in many countries, which presents difficulties for their long-term viability. In order to encourage the formation of social companies and increase their impact on economic growth, the research emphasized the significance of financial incentives and governmental initiatives. Smith et al. (2013) assert that knowledge of the nature and handling of these conflicts is necessary for a good understanding of social businesses.

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A company's "permission to function" in society is what determines its integrity as an entity, according to Post et al. (2002). This depends on its capacity to generate revenue and satisfy the demands of several stakeholders who support its existence and prosperity. All parties involved in the company—suppliers, clients, alliance partners, social and political actors, and resource providers—share these objectives and expectations. As a result, organisations must be seen as structures that mobilise resources to generate profits and prosperity for all of its stakeholders. They provided a theoretical and practical stakeholder viewpoint on the company. Its central claim is that a company's connections with its stakeholders are what create corporate wealth.

A company's fundamental goal of wealth creation is achieved via the establishment and utilization of relationships for mutual benefit between its stakeholders and itself through effective stakeholder management. Thompson and McMillan are creating future marketplaces (2010). One of the hardest problem's managers have when entering new markets is upholding fiduciary duty when they have little to no market knowledge. They offered a framework for addressing the problems of poverty and suffering that the world faces. According to them, innovative businesses might help create new business models that boost social prosperity and open up new opportunities. They offered a framework for developing business models that would include the social demands of the beneficiaries of the targeted activity in addition to the difficulties the firms encountered in planning and project assessment.

The business cycle has minimal impact on bank risk, according to Tran and Nguyen (2020), with the exception of loan loss provisions, which serve as a risk indicator. They found that the business cycle phase frequently did not alter the link between financial development and bank risk when they examined the combined effects of the business cycle and financial development on bank risk. Bangladesh's Grameen Shakti approach was detailed by Amin and Langendoen (2012) and might be used in other developing nations. In addition to helping the millions of people represented by rural communities and economies in underdeveloped nations, Grameen Shakti's socially conscious approach finally generates profits for lenders, borrowers, and other stakeholders. Grameen Shakti's replication would help with Grameen Shakti is a micro-generation renewable energy effort designed to meet Bangladesh's energy demands in a sustainable and cost-effective way. It is among the biggest and fastest-growing programs of its kind in the world. Three technologies are now utilised by Grameen Shakti: improved cooking stoves (ICS), biogas systems, and solar household systems (SHS). The main elements of the Grameen Shakti program that have significantly contributed to its success were examined by Asif and Barua (2011). In developing nations, social business (SB) has emerged as a popular strategy for resolving socioeconomic problems. Poverty, unemployment, and a lack of funding are persistent issues in emerging nations like Bangladesh and Pakistan.

Yunus (2010) emphasized that by fusing entrepreneurial strategies with social objectives, SB models provide a fresh approach to tackling social concerns. The Grameen Bank model, created in Bangladesh, serves as an example of how microfinance institutions may use financial inclusion to empower marginalized individuals, especially women. The Akhuwat Foundation, which provides interest-free microfinance loans to marginalized communities, is one example of the social business initiatives that have grown in Pakistan (Hassan and Guerrero, 1997). These models suggest that SB can be a significant factor in fostering sustained economic progress in developing countries.

Despite its promise, SB in emerging nations confronts a number of obstacles, including insufficient financial infrastructure, legal limits, and social opposition to innovative business models (Michelini & Fiorentino, 2012). Wilson and Post (2011) noted that hybrid company models frequently fail to strike a balance between financial viability and social impact, leading to mission drift. However, technical improvements and digital financial services are opening up new potential for SB expansion. Mobile banking and digital payment technologies have considerably increased access to financial services, allowing SB models to grow effectively (Mamun et al., 2019).

Despite its potential, SB has several challenges in developing countries, such as a lack of adequate financial infrastructure, regulatory restrictions, and societal resistance to creative business models (Michelini & Fiorentino, 2012). Wilson and Post (2011) pointed out that mission drift is a common result of hybrid business models' inability to combine social impact and financial sustainability. Digital financial services and technological advancements, however, are creating new opportunities for SB growth. Financial services are now much more accessible because to mobile banking and digital payment technology, which has helped SB models expand successfully (Mamun et al., 2019).

The foundation for SB programs was laid in Pakistan by mobile banking platforms such as Easypaisa and JazzCash, which have made financial transactions easier for those with low incomes. Promoting SB in emerging countries requires corporate social responsibility, or CSR. According to Crowther and Reis (2011), CSR-driven SB models are able to address environmental and social issues while maintaining their financial viability. Businesses in emerging economies are increasingly implementing CSR strategies that follow social business principles, according to Faisal et al. (2020). International businesses that operate in Bangladesh and Pakistan, for instance, have started CSR-driven microfinance programs to support small businesses. Additionally, hybrid organizations that include corporate social responsibility (CSR) into their business models are better positioned for long-term sustainability and social impact, according to Santos et al. (2015). The literature concludes by highlighting the growing importance of corporate social responsibility (CSR), social entrepreneurship, and hybrid business models in addressing societal issues. In developing nations like Bangladesh and Pakistan, social businesses offer sustainable answers to poverty, financial inclusion, and economic resilience, while corporate social responsibility (CSR) increases investment efficiency and stakeholder participation. But challenges like goal drift, financial sustainability, and legal barriers still exist, necessitating new funding sources and supporting legislation. Particularly in developing nations where conventional market and governmental interventions are insufficient, the integration of social business and corporate responsibility frameworks can lead to a more significant and sustainable economic ecology.

Methodology

The research style used in this study is qualitative, and secondary material from sources with copious documentation is highly valued. The study examines the link between Social Business (SB), Corporate Social Responsibility (CSR), and developing economies using publicly accessible data from Grameen Bank, a well-known microfinance organization in Bangladesh with a global reputation, as well as relevant publications on social business activities in Bangladesh and Pakistan. As part of the data gathering strategy, current articles, reports, and case studies of SB models, their attributes, and their effects on economic sustainability were examined. The qualitative data was categorized using the primary components of the SB model, such as its funding cycle, phases of implementation, and guiding principles. The SB model's workflow, which includes five essential steps—goal-setting, solution-based business planning, business plan execution, business plan assessment, and need identification—was also conceptually 145odelled in this study. This study provides a methodical knowledge of how social business initiatives in Bangladesh and Pakistan might be used as a long-term model to solve social challenges in developing countries. By illuminating their role in promoting economic growth and maximizing social benefits, the findings add to the larger conversation on CSR and SB.

Findings

The concept of Social Business (SB), introduced by Professor Muhammad Yunus at the World Economic Forum in Davos in January 2009, emphasizes a business model designed to address societal challenges rather than focusing on profit maximization (Grameen Healthcare Services Limited, n.d.). The primary goal of such enterprises is to alleviate poverty and tackle pressing social issues, including access to healthcare, education, technology, and environmental sustainability. Financial and economic viability remains a key principle, ensuring that the business operates sustainably. Investors in social businesses recover only their initial investment, with no additional dividends distributed beyond the principal amount. Any profits generated are reinvested into the enterprise for further growth and continuous improvement. Furthermore, social businesses are committed to environmentally responsible practices, ensuring that operations contribute positively to sustainability. They also prioritize fair wages and better working conditions for employees, fostering an ethical and motivated workforce. Ultimately, social business principles advocate for conducting business with a sense of purpose and joy, reinforcing the idea that economic activities can be a force for social good.

Two Basic Forms of Social Business (SB)

- Type 1: Non-profit and non-dividend, this type of social corporation solely concentrates on projects that advance social objectives. It is possible to address societal issues by developing a product that benefits the poor. It offers reasonably priced goods, healthcare, food, and education to those living in poverty. Only its bills are paid; the company does not turn a profit (Yunus et al., 2015). An example of this kind of product is ShoktiDoi from Grameen-Danone. In 2006, Grameen Danone Foods—also referred to as Grameen Danone—was established as a social enterprise to provide many of the essential nutrients that are often lacking in the diets of children in rural Bangladesh. One of its guiding principles is "No Loss, No Dividend."The board of Grameen Danone agreed in December 2009 to forgo any financial benefit, despite the company's intention to pay out a 1% annual dividend to shareholders.
- In contrast, a Type II social company is driven by financial gain. But instead of being disbursed as a return on capital, the profit is used to benefit the workers as a social return on investment. For example, the product may be manufactured by disadvantaged people and marketed overseas, with the proceeds going to the welfare of the workers

(Yunus et al., 2015). The goal here is to improve the long-term living circumstances of the local populace. For example, Grameen and Grameen-Otto. The Otto Group places a high priority on employee health and safety as well as equitable working conditions in the supplier (labour) marketplaces. This dedication was demonstrated in 2009 when the Otto Group and Grameen established a joint venture to build the Otto Grameen Textile Company. In Dhaka, the capital of Bangladesh, the "Factory of the Future" was founded. Besides producing clothing for export in an eco-friendly and socially responsible way, it is also meant to be a model initiative for this kind of sustainable economic activity.

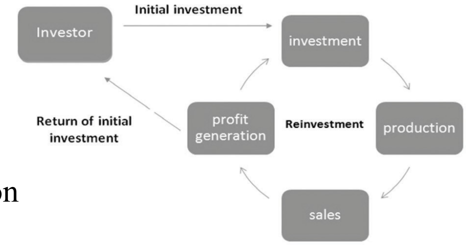
In addition to further training and information for employees, a healthy supper and childcare will be offered. Their kids would be looked after in a workplace creche that offered pre-school classes during working hours. Healthcare, sanitation, and educational opportunities will also be provided to neighbouring villages. The primary goal of the activities would be to promote social transformation, people, and groups by offering comprehensive educational opportunities. Bangladesh and Pakistan, two growing South Asian countries, have adopted distinct approaches to social business growth and economic sustainability. Bangladesh has become well-known around the world for its creative social business ideas, mostly due to the efforts of Nobel Laureate Muhammad Younus.

Both Type-1 and Type-2 social enterprises have been successfully adopted in the country, and companies like Otto Grameen and Grameen Danone have made major contributions to the battle against poverty, hunger, and labor market issues. These programs have improved the socioeconomic conditions of disadvantaged groups by ensuring fair wages. On the other hand, Pakistan, a developing nation, has not yet fully embraced the social business model to the extent that Bangladesh has. Social enterprises are still in their infancy in Pakistan, despite the country's expanding microfinance industry and efforts to combat poverty. Many companies prioritize corporate social responsibility (CSR) over a specific "no-loss, no-dividend" or "social return on investment" strategy. The expansion of extensive social business models is hampered by structural obstacles in Pakistan, including political unpredictability, energy constraint, and regulatory limitations. Nonetheless, initiatives in sustainable agriculture, microfinance, and tech-driven social enterprises hold out hope for future expansion. A well-designed framework that combines microfinance with innovative business models to ensure both financial sustainability and social impact is partially responsible for Bangladesh's success in social enterprise. Pakistan could enhance economic sustainability and produce practical solutions for social development, financial inclusion, and poverty alleviation if it implements a similar framework that promotes strategic partnerships between the public and private sectors as well as social enterprises.

An SB Investment Cycle

The initial investment and the reinvestment loop are the two investment levels in this cycle. Investors are seen in Figure 1 just allocating their funds with no hope of making a profit. The investors receive their money back when the enterprise makes a profit. The cyclical movement of investment, production, sales, and profit-generating, however, is represented by the reinvestment circle. The outcome of every manufacturing cycle from the initial investment is profit retention.

Figure 1: Social Business Cycle



Source: Authors' Compilation

Grameen-Hub of SB

To begin, Grameen had $27. During the famine in Bangladesh in 1974, Muhammad Yunus was motivated to provide 42 households a small seed loan of US$27 so they could manufacture things for sale without having to pay outrageous interest rates linked to predatory lending (Hossain, 2013). According to Dr. Yunus, expanding access to these loans will encourage business expansion and reduce the widespread rural poverty in Bangladesh. Dr. Yunus's studies and experiences served as the foundation for the Grameen Bank's tenets. Grameen Bank is pronounced "village" or "rural" in Bengali.

In order to assess his approach to lending money and providing banking services to the impoverished in rural areas, he started providing microcredit as a study project with the University of Chittagong's Rural Economics Project in Bangladesh. Grameen Bank began providing its services to the hamlet of Jobra and the surrounding regions of the University of Chittagong in 1976. Grameen Bank was established with the belief that loans, as opposed to charity, are a more effective way to break the cycle of poverty because they allow individuals to start businesses or farms that generate revenue and assist in debt repayment. The bank's core beliefs are that individuals have limitless potential and that enabling them to express their initiative and inventiveness would

Previously marginalized categories of people, such as the poor, women, the illiterate, and the unemployed, have been given credit by Grameen. Credit availability is predicated on reasonable terms, including weekly installment payments and the group lending system, as well as loans with reasonably long terms that enable the impoverished to enhance their current skills and increase their income with each loan cycle. Promoting financial independence among the impoverished has been the aim of Grameen. In order to convert their local money into new loans for others, Yunus exhorts all borrowers to save. Since 1995, Grameen has financed 90% of its loans with interest revenue and deposits, matching the interests of depositor-shareholders and new borrowers. Grameen provides loans to those in need by converting local savings. The bank prioritises the poorest of the poor since women receive 95% of its loans. In the past, women's access to conventional credit lines and pay was restricted. They were thought to have varying degrees of influence over decisions made at home. The empowerment of a marginalized segment of society that, in contrast to many men, shares greater income with their children is one of the main secondary effects of lending to women, Yunus and colleagues found (Yunus & Jolis, 2003). Despite its growth and expansion throughout the years, Grameen Bank has remained dedicated to these two principles. Grameen Bank still maintains its belief that people may begin their own upward social mobility through entrepreneurship once they are granted credit.

Therefore, unlike many other social justice organizations, Grameen does not provide its impoverished clients extensive rehabilitative training programs. Instead, Grameen gives its borrowers the freedom to use their existing skills to achieve a brighter future in the most effective way possible; the only requirement is to be a member of a five-person support group (Mamun et al., 2019). Bangladesh has effectively applied social business (SB) concepts in a number of domains, addressing issues including financial inclusion, healthcare, education, water pollution, and malnutrition. Strong institutional support, connections with international businesses, and a firmly developed microfinance sector are all contributing factors to the nation's SB ecosystem's success. Among the noteworthy initiatives is Grameen Danone, a partnership with Grameen Bank that creates nutrient-dense yoghurt to help microfarmers and advance environmental sustainability while simultaneously reducing hunger. Grameen GC Eye Hospitals offers affordable eye care and surgery, while Grameen Veolia combats arsenic poisoning by providing rural communities with safe drinking water. A smart wristband that tracks maternal health and air pollution is one example of how Grameen Intel employs technology for social good.

Other noteworthy initiatives are Grameen OTTO & BASF, which support ethical textile manufacturing and health precautions like mosquito nets and nutritional supplements, and Grameen Reebok, which makes inexpensive footwear to avoid infections.On the other hand, while having a robust microfinance and non-profit sector, Pakistan has not yet created a well-organized SB model on par with Bangladesh. Nonetheless, a number of efforts show that social business in the nation has room to develop. The largest interest-free microfinance institution in the world, Akhuwat Foundation, offers modest loans to strengthen impoverished communities. Through community initiatives, skill development, and microfinance, the National Rural Support Program (NRSP) promotes social and economic development.

In order to offer reasonably priced medical consultations in underprivileged regions, DoctHERs and Sehat Kahani use telemedicine and hire female physicians. In the meanwhile, social entrepreneurs like TrashIt & Green Squad concentrate on trash management, environmental sustainability, and creating jobs for underserved communities, while Sina Health and Education Welfare Trust runs a network of community clinics for low-income communities.

The SB landscapes of the two nations differ in a number of significant ways. While Pakistan's social companies rely more on NGO financing and microfinance than on formal SB models, Bangladesh's SB sector benefits from significant ties between Grameen groups and global firms. While Pakistan's social enterprises mostly function independently or with local charitable assistance, with few large-scale corporate collaborations, Bangladesh has effectively drawn corporate investment in SB projects, such as Grameen's partnerships with Danone, Intel, and Veolia. While Pakistan's SBs mostly concentrate on healthcare and microfinance, with a rising interest in sustainability and technology-driven solutions, Bangladesh's SBs tackle a wide range of topics, including food security, healthcare, technology, textiles, and environmental sustainability.

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Signs of the Model's Sustainability

The business model, which focuses on how a corporation produces value, offers the primary method for generating economic value. To produce economic value, a business must convert its inputs into outputs, make a profit above opportunity cost, and return investors' money. A business model known as a social enterprise is typically employed by social entrepreneurs. A traditional business model serves as the foundation for a social enterprise. Even though Dr. Younus' social business model (SBM) offers a lot of potential as an innovative and sustainable solution to several societal issues, many people are still ignorant of it. There isn't a research that objectively compares this approach to other ideas that sound similar, such corporate social responsibility (CSR), social entrepreneurship, and non-governmental organizations (NGOs), from the standpoints of empowerment and economic growth. Applying the SBM to social issues is difficult because to its conceptual ambiguity, despite the fact that many NGOs have shown growing interest in applying it to solve social issues in a sustainable manner. Solving these issues is the aim of the article. Five steps make up the SB model process: need analysis, goal-setting, solution-based business planning, business plan review, and business plan execution. Through the lens of five key characteristics, an analysis of various social business interventions in Bangladesh, a developing nation, demonstrates that social business is the best way to sustainably maximise social benefits while lowering specific socioeconomic issues and poverty for those affected. Social CRM, or social customer relationship management, is the process of incorporating social media channels into CRM platforms. Customers may now interact with businesses via the channels of their choice thanks to CRM systems that increasingly integrate social media in addition to traditional channels. The omnichannel customer experience and service standards are enhanced by Social CRM SBscan. With its help, SBs may be better able to comprehend customer service ideas and respond to clients in a timely and efficient manner.

Analytical Framework for SB Model

SBs are difficult because to their many notions and representations. Table 1 displays the many aspects of the social business. The Principal Method of SB From the standpoint of the developing nation, it is based on organizations that are both benefit-oriented and altruistic, with a focus on social impact. Table 2 provides a summary of the many facets of the emerging nation approach: SBs address societal issues by implementing corporate solutions. The ultimate objective is to build sustainability by empowering non-profits to finance themselves in innovative ways rather than primarily relying on grants and contributions. Since non-profits don't have shareholders, all earnings made by the related social business are put back into the organization's operations. SBs seek to help the community or a certain population, whereas social enterprises seek to foster a feeling of social responsibility locally.

SBs are the outcome of group dynamics involving members of a community or organization who have a certain need or goal. This community element needs to be maintained in some form throughout time, even while the necessity of leadership—whether by a single person or a small number of leaders—should not be overlooked. Profit distribution restrictions highlight the significance of the social mission. Social enterprises, which include both businesses that are completely forbidden from sharing earnings and those that, like many cooperatives, may transfer income to a limited extent, steer clear of profit-maximizing activity. SBs are organizations led by a group of people and are formed based on an independent project. Even though they could receive public subsidies, they are not directly or indirectly administered by public authorities or other groups.

Table 1: Social Business Aspects and Their Effects on an Emerging Economy

Aspects	Impact of Social Business
Objective Main offer	Getting rid of poverty Regarding basic necessities (clothing, food, shelter, health, and education), but keeping CSR in mind
Intentionality	The foundation of the company is the development of social value.
Impact	Getting rid of poverty
The base of the management level pyramid	Producers and suppliers
Workers	Marginalized
Involvement of the community in decision making	Collective participation
Accountability	Priority
Profit distribution	Reinvested
Economic value Social value	Profit includes cross-subsidies and financial benefits. The answer to the issues of the environment, technological access, health, and education

Source: Authors' Compilation.

Architectural Overview for Sustainable SB Model

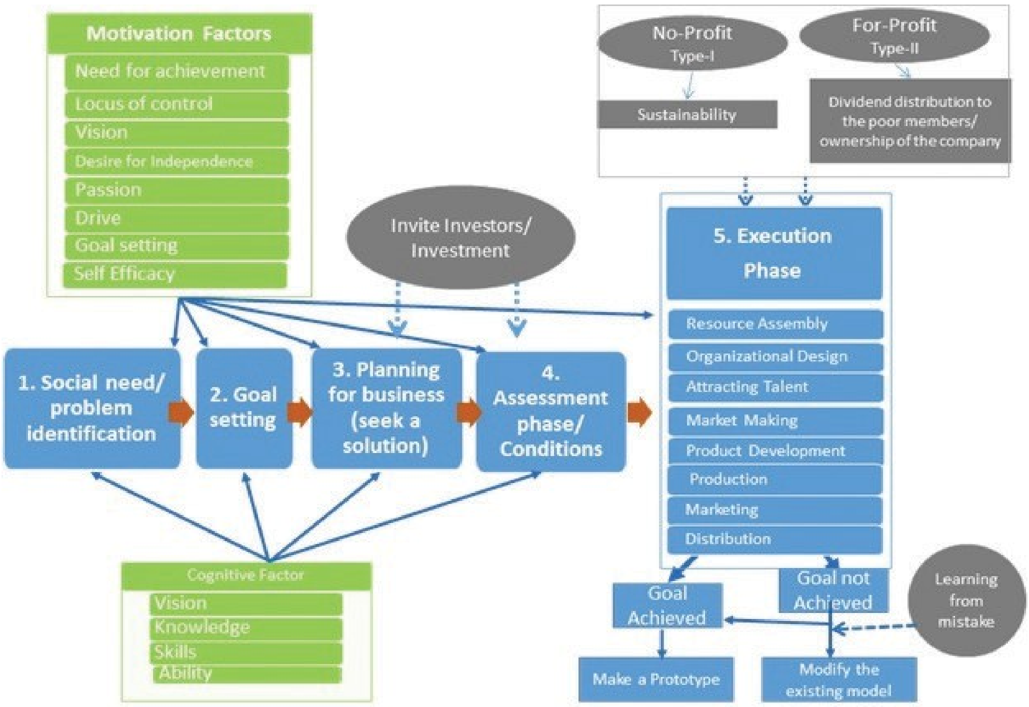
The five phases of the sustainable SB model—need identification, goal-setting, developing a solution with a business plan, and business plan evaluation—offer a useful framework for the SB process. Figure 2 illustrates these procedures. The locus of control, passion, motivation, goal-setting, self-efficacy, and the desire for accomplishment are what propel the first four stages. Investors frequently express interest in SB models, and fund managers must consider the financing options when implementing the SB model. The effectiveness of the SB model is believed to be influenced by several cognitive factors: vision, knowledge, skills, and ability. Afterward, considering both types of SB;

The primary facets of social business in the emerging economy are outlined in Table 2.

Aspects	Emerging Country's Perspective
Definition	organizations or projects that use marketing to bring about social change.
Main purpose	Activities aimed at reducing poverty must be specific, meaningful, and, most importantly, long-term. They must also have a social effect or influence.
Business format Scale	The primary goal is the social impact or effect. Desirable
Profit	Profits should just be reinvested in the business.
Governance model	Cooperation and beneficiary investment are growing.
Measuring the impact	Social impact

Source: Authors' Compilation.

Figure 2: Sustainable Social Business Model



Source: Authors' Compilation

With an emphasis on type one—Sustainability—and type two—profit distribution—the SB model is applied to capital allocation, organization design and target market positioning, product development, manufacturing, marketing, and distribution. Testing is carried out to ascertain whether the SB model is effective and has met its goals after implementation. There is no need for improvement if the model is effective in achieving the intended outcome; if not, the current model must be modified in the future to fix its shortcomings.

Conclusion

Social business (SB) represents a transformative approach that applies business strategies to address critical societal challenges. This innovative model shifts the primary focus of enterprises from profit maximization to resolving pressing social issues, including poverty alleviation, healthcare accessibility, education enhancement, and environmental sustainability. Unlike traditional business structures, SBs reinvest their earnings into their mission, ensuring long-term social impact rather than personal financial gain. This study delves into the functional structure of SBs, their role in fostering economic development in emerging markets, and their interconnectedness with corporate social responsibility (CSR). A critical aspect of social business lies in its operational and financial mechanisms. This research examines the diverse financing cycles, the various forms SBs can take, and the foundational principles that guide them. The study particularly explores the Grameen Bank model, which has demonstrated significant success in microfinance and poverty reduction. By analyzing how this model functions, the research highlights its effectiveness in delivering sustainable solutions to social challenges. While social enterprises such as DoctHERs, Sehat Kahani, and Akhuwat Foundation have made strides in addressing healthcare and financial inclusion in Pakistan, the country's adoption of the SB model remains in its infancy. One of the major barriers to widespread SB implementation in Pakistan is the absence of well-structured international partnerships and institutional frameworks that have been instrumental in the success of Bangladesh's SB ecosystem. The progress achieved in Bangladesh is exemplified by initiatives such as Grameen Danone, Grameen Veolia, and Grameen Intel, which illustrate the power of microfinance, strategic collaborations, and institutional backing in tackling challenges like malnutrition, water contamination, and limited healthcare access. The effectiveness of these initiatives underscores Bangladesh's leadership in SB implementation on the global stage.

Despite a growing interest in SBs within Pakistan, several structural and conceptual barriers hinder their full-scale implementation. A primary challenge is the lack of institutional support and regulatory clarity surrounding social business operations. For Pakistan to emulate Bangladesh’s success, it must develop robust legal frameworks, cultivate strategic business alliances, and foster a broader understanding of SB principles among entrepreneurs and policymakers. The social business process typically follows five key stages: identifying societal needs, setting clear objectives, devising a business-oriented solution, reviewing and refining the business plan, and executing the strategy effectively. The Bangladeshi experience provides a well-documented case of how these stages can be systematically implemented to ensure the dual achievement of social benefits and financial sustainability. By adopting a structured approach, akin to Bangladesh’s model, Pakistan can significantly enhance its social business landscape. Encouraging multi-sector collaboration, integrating government policies with private-sector initiatives, and promoting public awareness of SB principles will be crucial in scaling up sustainable social enterprises.

In conclusion, while Pakistan exhibits growing interest in SBs, the country's ability to fully capitalize on this model requires enhanced institutional frameworks, cross-sector partnerships, and a structured policy environment. Learning from Bangladesh’s experience and integrating its best practices can help Pakistan unlock the full potential of social businesses, ultimately leading to long-term economic and societal progress.

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