



The Foundation for Development Cooperation

# Social Enterprise Development: Literature Review and Case Studies

Prepared by Ryan Edwards, FDC



3/25/2009

# Table of Contents

- 1.0 Purpose.....3
- 2.0 Literature Review .....3
  - 2.1 Book Reviews .....3
  - 2.2 Journal Article Reviews .....7
  - 2.3 Miscellaneous Publications .....11
- 3.0 Case Studies.....15

## 1.0 Purpose

The purpose of this Literature Review and Case Study Report is to provide a comprehensive review of current and past literature in the field of Social Enterprise Development and also provide examples of a few successful cases for study. Many high quality books, academic journals and other publications have all been given a brief review, and if the publication was short enough a direct quotation was used. Referencing is in the Harvard Style internally, prior to the commencement of each review. This document is not intended to be highly qualitative and rich in information, but rather a reference point to quickly and efficiently find additional high quality readings which may be of use in the field of Social Enterprise Development.

## 2.0 Literature Review

### 2.1 Book Reviews

**Burkett, I & Langdon, D. 2005. 'Social enterprise and social tendering: a guide for government departments, large social welfare organisations and corporations'.**

It has been widely recognised that social enterprises need the support of governments and corporations in order to start-up and develop into strong, viable and sustainable businesses. This publication looks at the various experiences of social enterprises in south-east Queensland, Australia. It details real policy solutions that the governments and corporations can adapt to support social enterprises to reach their social goals and achieve positive outcomes.

**Cramer, J., 2006. 'Corporate social responsibility and globalisation: an action plan for business'**

This book reports on the findings of 20 diverse companies that participated in a three year program in incorporate corporate social responsibility into business practices, and offers strategies for other companies interested in starting down this path. The studies and guidelines are detailed, clear and concise.

**Frances, Nic. 2009. 'The end of charity: time for social enterprise'**

This is a thought provoking exploration of why the idea of charity needs to be rethought in order to properly address the problems of poverty, inequality, and environmental sustainability. The author argues that we need to become social entrepreneurs with real values at the core of the operations. This book looks at the authors own principles of social entrepreneurship, based on the idea that the market can be a tool for delivering many values other than profit.

Hopkins, M. 2007. **‘Corporate social responsibility and international development: is business the solution?’**

This book attempts to answer the question of ‘what is the potential of the private sector to foster development?’ It examines what corporations are currently doing on development, what they could and should be doing, and also how corporate social responsibility can be a useful tool for corporations to promote economic development.

Kasturi Rangan, V., 2005. **‘Business solutions for the global poor: creating social and economic value’** Conference on Global Poverty: Business Solutions and Approaches, Harvard University.

This book has been based on research presented at the Harvard Business School’s first ever conference on business approaches to poverty alleviation, and shines light on the various perspectives of leading academics and corporate, non-profit, and public sector managers. The contributors draw on practical and inspirational insights from over twenty countries around the world.

Langdon, D. 2004. **‘Defining social enterprise: enterprising ways to address long-term unemployment.’**

This publication looks at the experiences of social enterprises in south-east Queensland. It looks at the ways in which the enterprises can address long term unemployment in both theory and practice. It is the first book in a series by The New Mutualism Group.

Lodge, G. & Wilson, C. 2006. **‘A Corporate Solution to Global Poverty’**. Princeton University Press.

“World leaders have given the reduction of global poverty top priority. And yet it persists. Indeed, in many countries whose governments lack either the desire or the ability to act, poverty has worsened. This book, a joint venture of a Harvard professor and an economist with the International Finance Corporation, argues that the solution lies in the creation of a new institution, the World Development Corporation (WDC), a partnership of multinational corporations (MNCs), international development agencies, and nongovernmental organizations (NGOs).

In *A Corporate Solution to Global Poverty*, George Lodge and Craig Wilson assert that MNCs have the critical combination of capabilities required to build investment, grow economies, and create jobs in poor countries, and thus to reduce poverty. Furthermore, they can do so profitably and thus sustainably. But they lack legitimacy and risk can be high, and so a collective approach is better than one in which an individual company proceeds alone. Thus a UN-sponsored WDC, owned and managed by a dozen or so MNCs with NGO support, will make a marked difference.

At a time when big business has been demonized for destroying the environment, enjoying one-sided benefits from globalization, and deceiving investors, the book argues, MNCs have much to gain from becoming more effective in reducing global poverty. This is not a call for philanthropy. Lodge and Wilson believe that corporate support for the World Development Corporation will benefit not only the world's poor but also company shareholders as a result of improved MNC legitimacy and stronger markets and profitability.” (Princeton University Press - <http://press.princeton.edu/titles/8138.html>)

Nicholls, A., 2006. **‘Social entrepreneurship: new models of sustainable social change’** Oxford; Melbourne.

This book presents a detailed multi-disciplinary view of the emerging area of social entrepreneurship. It provides exposure to many of the ideas currently within the movement, by combining visions of leading minds with academic commentary.

Prakash Sethi, S., and C.L., Swanson. 1981. **‘Private enterprise and public purpose : an understanding of the role of business in a changing social system’**

This book looks at the problems and challenges that make up the private sector environment in the 1980’s, and possible courses of action. It puts forth various strategic guidelines for a more socially responsible position to be held by the corporate community.

Robinson, David. 1998. **‘Social enterprise zones: building innovation into regeneration.’**

The publication outlines the basics of Social Enterprise Zones. In these zones a consortium of voluntary, public and private agencies team up to create an “enabling environment” in areas of “long-term multiple deprivation”. These zones move a step further away from the idea of a nanny state and draw on the untapped potential of less fortunate communities.

Talbot, Chris. 2002. **‘Social enterprise in Australia: an introductory handbook.’**

This handbook was published to attempt to explain the concept of the social enterprise in relation to current societal needs. It begins by defining social enterprises and examining exactly why they are necessary. It then looks at the various elements of the social enterprise, including raising finance, company growth, development, and the different types of social enterprises. The final part is a business plan which goes into the details about implementing a social enterprise, including concept and development, marketing, management and production, financial planning and business structures.

Wilson, C. & Wilson, P. 2006. **‘Make Poverty Business’**. Greenleaf Publishing, UK

“Poor people in developing countries could make excellent suppliers, employees and customers but are often ignored by major businesses. This omission leads to increased risk, higher costs and lower sales. Meanwhile, businesses are asked by governments and poverty activists to do more for economic development, but their exhortations are rarely based on a proper business case. It bridges the gap by constructing a rigorous profit-making argument for multinational corporations to do more business with the poor.

It takes economic development out of the corporate social responsibility ghetto and places it firmly in the core business interests of the corporation, and argues that to see the poor only as potential consumers misses half of the story. The book should be read by international business managers seeking to increase profits and decrease risk in developing countries, and by development advocates who seek to harness the profit motive to reduce poverty. The book makes numerous low-risk, low-cost recommendations for businesses and donors, all of which are rooted in a rigorous discussion of the underlying strategic and economic issues.

This book sees the poor as more than mere consumers at C K Prahalad's "bottom of the pyramid" and instead takes a strategic view of all the ways in which a multinational company can interact with and influence the lives of the poor. The poor face poverty traps when they seek to deal with an international company. Based on sound economic theory and emerging good business practice the book recommends low-cost ways to overcome these traps and gain access to a larger and cheaper pool of employees and suppliers. The poor can also become a threat – to reputation and security – if relationships are badly managed. The book integrates concerns over political risk, legal failure and physical security into a business case for reducing poverty. It argues that country risk is something that can be actively reduced through economic development rather than passively managed with lawyers and guards.

'Make Poverty Business' argues that doing business with the poor can be profitably integrated into the core operations of all multinational companies, not only in those consumer manufacturers who see a marketing opportunity or those major corporations who feel under PR pressure to do some cosmetic corporate social responsibility. The book examines the successes, failures and missed opportunities of a wide range of global companies including Wal-Mart, BP, Unilever, Shell and HSBC when dealing with the poor and with development advocates in the media, NGOs, governments and international organisations. It includes a discussion on how to use a poverty perspective to provoke profitable innovation – not only to create new products and services but also to find new sources of competitive advantage in the supply chain and to develop more sustainable, lower-cost business models in developing countries." (Wiser Earth: <http://www.wiserearth.org/resource/view/0cf98c40f9cccbeae7cf3e107ac03ffd>)

Yunus, M., 2007. **'Creating a world without poverty: social business and the future of capitalism'**

This book was written by the famous Dr Mohammad Yunus, an economics professor and founder of the Grameen Bank. This is quite a readable book, and examines the ways in which traditional capitalism cannot solve problems like inequality and poverty, due to human nature and the drive for profit. He states that this is not the case and humans are also driving by other passions, the spiritual, the social and the altruistic. This book tells stories of some of the earliest examples of social businesses, and reveals what Yunus sees as the next phase in the economic and social revolution which involves the worldwide effort of every human being to eliminate poverty.

## 2.2 Journal Article Reviews

Adegbite, S.A., & Ilori, M.O., et. Al. 2008. 'A study of entrepreneurial orientation of small-scale enterprise operators in Nigeria.'

The research study explores the extent to which entrepreneurial orientation factors were demonstrated by small scale enterprise operators. The study was carried out in Oyo State of Nigeria. The focus of the study was a purposely selected sample of 60 owner-managed small-scale enterprises engaged in manufacturing activities.

The questionnaire was the main instrument of the study and it contains a set of structured questions to measure the entrepreneurial orientation of the respondents by using the 5 Point Likert Scale anchored by Never, Rarely, Sometimes, Usually and Always. Data were analysed with the aid of Standard Package for Social Scientists (SPSS) using descriptive method of analysis. The outcome of the study on the three entrepreneurial orientation factors shows a very great disparity from the personality traits expected of a good entrepreneur. The study concludes that aversion to risk taking, lack of innovation and proactiveness by the respondents, which are critical factors necessary for the growth of small enterprises, is very low among the respondents.

Therefore, there is an urgent need to evolve a comprehensive training package for entrepreneurs in Nigeria to develop and sharpen their entrepreneurial orientation so as to enhance their competitiveness particularly in this age of globalization and market driven economy.

Avram, D.O., & Kuhne, S. 2008. 'Implementing Responsible Business Behaviour from a Strategic Management Perspective: Developing a Framework for Austrian She's' **Journal of Business Ethics**, 82: 463-475.

This paper contributes to a growing body of literature analysing the social responsibilities of SME's by designing a conceptual framework based on the Strategic Management Theory, which links social issues to the creation of sustained competitive advantages for SME's. Firstly, the paper reviews literature on corporate social responsibility (CSR) and especially on the creation of social capital for SME's. An exploration of Strategic Management Theory follows, focusing on the Positioning and Competence Based Schools, with the objective to find an answer to the question: how do social and environmental issues fit in the logic of creation of competitive advantage and what role do they play during strategic planning? The contributions of Hart, Porter and Kramer are then related to the framework of possible growth paths of SME's in order to answer this question. Strategies that could trigger or lever these growth paths are then discussed. Following the recommendation Thompson and Smith gave to focus on the "study of CSR behaviours instead of perceptions," a medium-sized Austrian company in the food producing industry has been identified for an exploratory case study analysis to test the applicability of this theoretical framework for the

description of the actual responsible business behaviour (RBB) of an SME. This company is typical of one of the 250 000 SME's which account for 99.6% of the Austrian economy.

Baines, Tim. 2009. 'Integration of Corporate Social Responsibility through International Voluntary Initiatives' **Indiana Journal of Global Legal Studies**, Vol 16 No 1.

Corporate social responsibility programs have been adapted by many multinational companies and financial institutions, and often rely on the implementation of international voluntary initiatives. This article describes two such mechanisms. The first, the Equator principles, provides guidance to financial institutions involved in project finance. The second, the OECD's guidelines for Multinational Enterprises, helps governments to encourage businesses to be socially and environmentally responsible. This article suggests means by which voluntary initiatives can be implemented to benefit both the wider community and companies themselves, and suggests ways of overcoming shortcomings resulting from the lack of access to formal legal sanctions when implementing voluntary initiatives.

Berkes, F. & Davidson-Hunt, I. J. 2007. 'Communities and Social Enterprises in the Age of Globalisation' **Journal of Enterprising Communities: People and Places in the Global Economy**. Vol 1. No 3. pp209-221

This paper aims to develop a conceptual framework to understand the processes by which rural communities use social enterprise to engage global actors and forge local standing. It found that social enterprises are one way by which rural communities' area negotiating with global actors through globalisation. The social enterprise provides a way for rural people to secure tenure for common-pool resources and allows them to make direct decisions regarding their management.

Carrasco, Inmaculada. 2007. 'Corporate Social Responsibility, Values, and Cooperation' **Int Adv Econ Res**. 13: 454-460.

This article is really a discussion and qualitative evaluation of CSR with economic theory. It tries to look at the necessity of taking upon the moral teachings of some of the fathers of economics which have been scored since the triumph of utilitarianism and rationalism, the slide of society through post-modern values, and the role of cooperative principles and values in the new cultural environments.

Cornelius, N., Todres, M. et. Al. 2007. 'Corporate Social Responsibility and the Social Enterprise' **Journal of Business Ethics**. 81: 355-370.

Abstract: In this article, we contend that due to their size and emphasis upon addressing external social concerns, the corporate relationship between social enterprises, social awareness and action is more complex than whether or not these organisations engage in corporate social responsibility (CSR). This includes organisations that place less emphasis on CSR as well as other organisations that may be very proficient in CSR initiatives, but are less successful in recording practices. In this context, we identify a number of internal CSR



markers that may be applied to measuring the extent to which internal CSR practices are being observed. These considerations may be contrasted with the evidence that community based CSR activities is often well developed in private sector small to medium sized enterprises (SMEs) (Observatory of European SME's, 2002), a situation which may be replicated in social enterprises especially those that have grown from micro-enterprises embedded in local communities. We place particular emphasis upon the implications for employee management. Underpinning our position is the Aristotelian informed capabilities approach, a theory of human development and quality of life, developed by Sen (1992; 1999) and Nussbaum (1999) which has been developed further, in an organisational context, (e.g.,Cornelius, 2002); Cornelius and Gagnon, 2004;Gagnon and Cornelius, 1999; Vogt, 2005. We contend that the capabilities approach offers additional insights into CSR in social enterprises in general and internal CSR activity in particular. Our article concludes with proposals for future research initiatives and reflections upon social enterprise development from a capabilities perspective.

Edmondson, V.C., Sug, W. S., & Munchus, G. 2008. 'Exceeding government-mandated social programs: minority supplier development programs' **Management Research News**. Vol 31, no.2 pp111-124.

This paper sets out to promote individual enterprise responsibility and provide recommendations that will strengthen the relationship between large firms and small businesses involved in minority supplier development programs in the US. Support is found for programs that help disadvantaged groups to succeed but opposition to preferential treatment is also evident. Several firms that have noteworthy minority supplier development programs are identified. Recommendations are provided to further develop the relationship between large suppliers and small businesses owned by minorities.

Fortanier, F. & Kolk, A. 2007. 'On the Economic Dimensions of Corporate Social Responsibility.' **Business and Society**. Vol 46 Number 4, 457-478.

This article looks at micro-level reporting of Fortune Global 250 firms report about their economic impact, including environmental and social aspects. It is found that the disclosure and commitment to the various impacts are influenced by region, sector and size, but not by profitability.

Husted, B. W. & Allen, D.B. 2007. 'Corporate Social Strategy in Multinational Enterprises: Antecedents and Value Creation' **Journal of Business Ethics** 74: 345-361.

This article examines the relationships of the MNC's market environment, stakeholders, resources, and values to the development of social planning and positioning. Dynamic markets and munificence are found to be related directly to strategic social positioning and the social responsibility orientation of the firm is related to their social planning. Social positioning is related to value creation for the firm, but social planning is not.

Nwankwo, E., Phillips, N., & Tracey, P. 2006. 'Social Investment through Community Enterprise: The Case of Multinational Corporations Involvement in the Development of Nigerian Water Resources.' **Journal of Business Ethics**. 73: 91-101

This paper examines the various mechanisms used by MNC's in Nigeria seeking to make long-term social investments in the improvement of water provision. Traditional methods of social investment such as donations or direct management have been criticized due to their limited contribution to local capacity building and their focus on short term outcomes. Community partnerships have been found to be the most effective mode of governance through which MNC's can manage social investments in development countries.

Shaw, E. & Carter, S. 2007. 'Social Entrepreneurship: Theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes' **Journal of Small Business and Enterprise Development**. Vol 14 No. 3.

The purpose of this paper is to address the emerging practice of social entrepreneurship by exploring the historical and theoretical antecedents of social enterprise and its contemporary practice. By exploring key theoretical concepts, the paper draws comparisons between "for-profit" and social entrepreneurs. The paper seeks to discuss the contemporary practice of social entrepreneurship. Discussion of the theory of entrepreneurship and contemporary practice of social entrepreneurs seeks to create a more nuanced view of social entrepreneurship and develop greater theoretical insights into this phenomenon and its recent expansion. A phenomenological research approach was adopted, and 80 in-depth interviews with social entrepreneurs from across the UK identified as the most appropriate data collection tool. Data analysis sought to identify and understand similarities between the more understood and studied behaviour of "profit-seeking" entrepreneurs and those of an emerging group of social entrepreneurs. In-depth interviews revealed five key themes within which the practice of social entrepreneurship could be compared and contrasted with for-profit entrepreneurship. These included: the entrepreneurial process, in particular, opportunity recognition; network embeddedness; the nature of financial risk and profit; the role of individual versus collective action in managing and structuring enterprises; and creativity and innovation.

Findings suggest that while the contemporary practices of social enterprises share many similarities with their for-profit counterparts, significant differences can be found when comparing these practices with extant entrepreneurship research. The paper addresses an emerging phenomenon within the practice and the theory of entrepreneurship and offers insight into similarities and differences between entrepreneurship in the profit and not-for-profit sectors.

Simola, S.K. 2007. 'The Pragmatics of Care in Sustainable Global Enterprise.' **Journal of Business Ethics**. 2007 74:131-147

This article investigates the implications of an ethic of care for enhancing and facilitating development for the competencies in a sustainable global enterprise. This article describes insights for improving the following competencies: facilitating voice, attending to the subjective experiences of others, engendering trust, and creating win-win situations.

Recent conceptualizations of sustainable global development have reflected societal concerns not only with environmental stewardship, but also with social amelioration. However, the tripartite goals of corporate profitability, environmental protection, and social responsiveness are unlikely to be achieved through conventional models of globalization.

The emergent approach known as sustainable global enterprise provides a promising strategic alternate, but requires the development of "native capability" that comprises specific relational competencies not typically required by traditional transnational models. This article demonstrates the usefulness of an ethic of care for enhancing understanding of the competencies comprising native capability, and provides practical insights from a care approach on the development of those skills.

Sosale, Sujatha. 2007 'Pre-Modern Online: Converging Discourses of Globalization and Development', **Journalism and Communication Monographs**, Spring 2007, 9, 1.

This study attempts to shed light on the ways in which global capitalist control and local empowerment in development are acted out on the internet, using a US-based venture and rural communities in developing regions. This small case study shows that although the company states it is seeking to connect global capitalism to the grassroots to empower rural communities, it may not be able to avoid privileging and prioritizing key aspects of global capitalism over local indigenous cultures.

### **2.3 Miscellaneous Publications**

DFID and CSR: Presentation by the Department for International Development regarding Corporate Social Responsibility.

Direct quotation: "DFID aid will increase to £5.3 billion by 2007/08. In 2005/06. 52% of our bilateral assistance - over £1 billion - will be spent in sub-Saharan Africa, which means that the aid budget has almost doubled in real terms since 1997 (from £2.6bn in 97/98 to nearly £4.6bn in 05/06).

In 2004 we set a clear timetable for us to meet, by 2013, the UN target of 0.7% of national income going to aid. We have also written off 100% of the debt owed to us by the world's most heavily indebted poor countries.

Don't have a specific figure of how much of that aid goes to CSR or CRS-relevant activities. Would be difficult to work out – depending on what definitions you use.

Why is DFID interested in CSR? As part of the UK government, but our specific interest is in developing countries, where we are interested in business both in terms of national industries in countries we work in and how they relate to poverty reduction and the conduct of UK business overseas.

With regard to first – the private sector in nation states in LDC's - private sector very important for poor people's livelihoods - 9 out of 10 jobs are in the private sector. People interact with private sector when they access basic services such as health care provision. The private sector is the engine of growth: and growth is a necessary condition for poverty reduction. A thriving private sector also generates improved tax revenue for Government, which can then improve the provision of essential services, which in turn build the foundation for sustained and equitable growth.

With regard to the second, where business acts irresponsibly it can also contribute to poverty and vulnerability – e.g. children who do not attend school because they are working more likely to be poor as adults. We don't think that UK companies are extensively involved in corrupt or harmful activities – although we take it seriously where they are – but we do think that by setting higher standards UK companies can contribute to building better business environments in the countries they work in and there is also an issue with regard to responsible and sustainable UK consumption – where negative impacts accrue disproportionately to the poor and this has not always been factored into the costs of production of those goods and services (e.g. air travel).

Main message – business can make a major contribution to poverty reduction however certain conditions must be in place to ensure this is so.... What makes the difference? Governance processes and institutional environment that needs to be in place, legislation, policy, means of accountability etc, and in practical terms, codes of conduct, regulations and practical tools. These will vary according to the sector, the country context and many other factors....

DFID engages in a range of activities, mainly through our bilateral country programmes, but also in partnership (e.g. UN - ILO) to pilot practical solutions, and then through action-oriented research or evaluation to draw out and disseminate the policy lessons.

ILO – principles of this are action research to establish what is happening, engage with communities (participation) increase awareness of risks and rights, work with employers, local governments and other stakeholders....

-partnership framework agreement gives money over 3 years for ILO to use to deliver their decent work programme in partner countries. Addresses core labour standards.

ETI - alliance of companies, non-governmental organisations (NGOs) and trade union organisations. Exist to promote and improve the implementation of corporate codes of practice which cover supply chain working conditions. Goal is to ensure that the working conditions of workers producing for the UK market meet or exceed international labour standards. Practical work. On labour standards DFID also facilitates a Tripartite forum on an occasional basis, on themes of collective interest, such as migration. Commission research to inform this group.

DFID established the private sector-led UK Remittances Task Force, which consists of banks, money transfer operators and other financial institutions involved with the remittances market. This task force has successfully carried out consumer-driven work to improve transparency, information, and service provision, as well as cost reductions, for migrants that wish to send money home from the UK.

Working with the UK food retail industry to improve the development impacts of their African supply chains and increase public awareness about the development impacts of their food choices (est. a Food Industry Challenge Fund). E.g. of working across other government departments, with DEFRA on the Food Industry Sustainability Strategy to identify ways in which government can support the food industry to increase the social, environmental and economic sustainability of its food sourcing.

In our own procurement practices, have recently written to all our suppliers to ask them to set out their own CSR policies.”

Mazurkiewicz, P. & Crown, R., 'Opportunities and options for governments to promote corporate social responsibility in Europe and Central Asia - evidence from Bulgaria, Croatia, and Romania'. **World Bank, Working Paper.**

Abstract: “Corporate social responsibility is the voluntary commitment by company managers to integrate social and environmental considerations in their business operations. This commitment goes beyond normal compliance with the legal, regulatory, and contractual obligations, which companies are expected to meet. Corporate social responsibility business practices complement rather than substitute for state actions that promote social and environmental development. While corporate social responsibility practices contribute to the realization of social, economic, and environmental goals, promoting them should not be a pretext for shifting public responsibilities to companies. To strike a balance between the expectations and potential for making their respective contributions to overall social well-being, companies, governments, and spokespeople for societal interests need to engage in an inclusive and evolving dialogue. That dialogue must be followed up with incentives and resources to translate the results of dialogue into action. This paper focuses on the Europe and Central Asia Region, where a dynamic process of social and economic change is occurring, mainly through the process of European integration. Within this dynamic, the corporate sector is already encouraging suppliers and customers to practice responsible business behaviour. This report is divided into five parts. Part two summarizes the basic concepts of corporate social responsibility. Part three reviews how corporate social responsibility is perceived in three Central and Eastern Europe

countries: Bulgaria, Croatia, and Romania. Recognizing that the corporate social responsibility movement has been driven largely by business, part four examines issues governments have to face in adopting a policy-driven approach to encouraging corporate social responsibility, and making an operational strategy sustainable. Part five discusses the possible instruments through which the Bank, as a substantial source of advice and financial support, could contribute to the design and implementation of a country's corporate social responsibility strategy."

Pastuzek, H. 2001. 'Investing in people: Sustaining communities through improved business practice- a community development resource guide for companies'. **World Bank**

The private sector, as an increasingly significant catalyst for positive change, and as an innovative challenger, is faced with demonstrating responsibility, and accountability in the development process. The fast evolution in communications means that companies' environmental, and social performance are greatly scrutinized by the widening stakeholder audience, thus, understanding the boundaries of private sector corporate responsibility is evolving at a rapid pace. As a result, new innovative models of assurance, accountability, and partnership are emerging, which will seemingly - and hopefully - lay the foundation for sound business performance. In response, the International Finance Corporation (IFC) has prepared this Community Development Resource Guide, which builds on concrete examples of corporations, and projects where complex environmental, and social impacts have been dealt with innovatively, and successfully. Key principles for community development programs, define the framework of this document, i.e., the need to engage in effective community consultation, to form the basis for building trust, and further manage expectations, by defining roles, and responsibilities, developing appropriate capacities, and mobilizing core competencies to set measurable goals, and monitor business best practices.

World Bank: Social Business and Social Exclusion in Transition Countries: The Case of Albania

Executive Summary: The purpose of this paper is to examine the potential of a "social business" approach to challenging some of the root causes of social exclusion and poverty in Albania, through empowering excluded youth with training, employment and the opportunity to contribute to social well-being.

The social business model described in this paper offers an innovative approach to transforming passive welfare recipients into active citizens. This is done by engaging a range of non-traditional social actors such as the private sector, finance ministries and others into a dynamic coalition for the protection, development and participation of youth. As such, social business has been adopted by the Albanian government as a key strategic approach for reducing social exclusion in its Growth and Poverty Reduction Strategy ( GPRS).

If governments create an enabling environment and forward-thinking entrepreneurs engage in the creation of social wealth, social business may unleash the potential of a new generation of young entrepreneurs who can serve as a force for change and stability.

## 3.0 Case Studies

### ADB: Grameen Danone Limited: a unique model of social business enterprise

This presentation examines the collaboration between a microfinance institution and the private sector to create a “social business enterprise”. Unlike profit maximizing enterprises, the bottom line of a social business is to deliver benefits to people, rather than earn money for investors. Grameen Danone Foods employs a proximity based business model to reduce poverty by providing nutritional foods to low income people and by creating independent business and job opportunities.

### BASF Grameen Ltd

This recent case involves a joint social business venture between BASF SE and Grameen Healthcare Trust. The purpose of this company is to improve the health and business opportunities of the poor of Bangladesh. BASF Grameen Ltd initiate business with two simple products from the BASF range, dietary supplement sachets containing vitamins and micronutrients, and impregnated mosquito nets that offer protection against insect-borne disease.

“Given the substantial need for dietary supplements and mosquito nets, BASF and Grameen have decided to locate their joint venture with these two products in Bangladesh. The joint venture will initially operate from the BASF’s site in Dhaka, the country’s capital. Alongside an initial investment of €200,000, BASF will contribute the funds for one million sachets of vitamins and micronutrients and 100,000 mosquito nets to the joint venture. Grameen’s contribution includes its knowledge of the market, distribution structures and networks in Bangladesh.

In the initial stages, the dietary supplement business will focus on large consumers such as schools, and established distribution channels such as pharmacies. This will familiarize people with the benefit of the sachets as part of everyday nutrition and for healthy nutrition. In the medium term, the products will also be sold directly to end users via established Grameen networks. In towns, the impregnated mosquito nets will be sold in food stores, clothing stores and pharmacies. In rural areas, agricultural wholesalers will sell the malaria protection nets in association with the Grameen network and will also instruct purchasers in their use. Grameen Bank plans to provide microcredits to support people in setting up their own distribution outlets and in funding the purchase of mosquito nets” (BASF Grameen Ltd. Press Release 2009).

## Grameen Shakti

This company is a social business in Bangladesh that combats global warming and deforestation with the provision of eco-friendly devices in rural impoverished areas. Microfinance is used to make these technologies affordable, and local women are trained to install and maintain such devices.

## Natural Resources Cluster: Business Partners for Development. Date unknown. "Case Study 7: Partnering and Agricultural Development"

This case study examines the changing community development and partnership strategies pursued by the Shell Petroleum Development Company (SPDC) in the Niger Delta region of Nigeria. This project is in partnership with 'Micro-credit for Agricultural Development' and involves social investment of \$60 million USD per year. This case study shows important lessons for partnership projects and they are as follows:

- Acknowledge that partners may not have identical objectives for a development activity,
- Anticipate worst case scenarios and budgeted for redress action,
- Create incentives for staff to invest time in building partnership,
- Exhibit partnership behaviour,
- Know how your organisation is perceived by the other partners and work to redress any negative stereotypes,
- Plan for, and measure, development outcomes, not inputs.

## PanAust Resources

PanAust Resources is a unique Australian mining and exploration company. Its entire operation is based in very poor parts of Laos and Thailand, with a head office in Brisbane. Although this is a profit-based enterprise, not a social one, it is still worth noting due to the extreme corporate social responsibility exerted by the management team. Two notable actions include the provision of a Community Development Fund, and direct case by case contributions to local communities towards facilities which may benefit local people. These projects usually directly involve the community members. This not only creates a sense of community ownership of the project, but it also allows the opportunity for direct skill transfer. ([www.panaust.com](http://www.panaust.com))