

Social Business Model: Leveraging Business and Social Value of Social Enterprises

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Abstract : This paper aims to analyze the barriers faced by social enterprises and based on that to propose a social business model framework that helps them to leverage their businesses and the social value delivered. A business model for social enterprises should amplify the value perception including social value for the beneficiaries while generating enough profit to escalate the business. Most of the social value beneficiaries are people from the base of the economic pyramid (BOP) or the ones that have specific needs. Because of this, products and services should be affordable to consumers while solving social needs of the beneficiaries. Developing products and services with social value require tie relationship among the social enterprises and universities, public institutions, accelerators, and investors. Despite being focused on social value and contributing to the beneficiaries' quality of life as well as contributing to the governments that cannot properly guarantee public services and infrastructure to the BOP, many barriers are faced by the social enterprises to escalate their businesses. This is a work in process and five micro- and small-sized social enterprises in Brazil have been studied: (i) one has developed a kit for cervical uterine cancer detection to allow the BOP women to collect their own material and deliver to a laboratory for U\$1,00; (ii) other has developed special products without lactose and it is about 70% cheaper than the traditional brands in the market; (iii) the third has developed prosthesis and orthosis to surplus needs that health public system have not done efficiently; (iv) the fourth has produced and commercialized menstrual panties aiming to reduce the consumption of dischargeable ones while saving money to the consumers; (v) the fifth develops and commercializes clothes from fabric wastes in a partnership with BOP artisans. The preliminary results indicate that the main barriers are related to the public system to recognize these products as public money that could be saved if they bought products from these enterprises instead of the multinational pharmaceutical companies, to the traditional distribution system (e.g. pharmacies) that avoid these products because of the low or non-existing profit, to the difficulty buying raw material in small quantities, to leverage investment by the investors, to cultural barriers and taboos. Interesting strategies to reduce the costs have been observed: some enterprises have focused on simplifying products, others have invested in partnerships with local producers and have developed their machines focusing on process efficiency to leverage investment by the investors.

Keywords : base of the pyramid, business model, social business, social business model, social enterprises

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