

# **Poverty Reduction Through Social Business in Developing Countries -A Case of the Grameen Family of Companies' Social Business Initiative in Bangladesh-**

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## **Abstract**

The purpose of this paper is to examine the new trends of social business for improving the socioeconomic condition of poor people through direct involvement in social business activities at the grassroots level in developing countries. Many people in developing countries are faced with basic problems such as poverty, unemployment, education, malnutrition, reducing infant-mortality, less access to health services, gender inequality and loss of environmental resources. To overcome all of these problems the key challenge is achieving economic growth and equal distribution. Why can't government services fulfill all these basic human needs of citizens? One possible answer is, in most development cases conventional 'top-down' approaches were adopted both by governments' bi/multilateral development programs bypassing the poorest of the poor who are at the grassroots level. So many poor people are not receiving their basic needs. Nor can they afford to pay for alternative services offered by the business sector. This market failure leaves them marginalized and, unless a third party offers some alternative basic services, the prevailing inequalities and poverty will continue. In the past, to some extent these kind of services provided by Foundations and non-governmental organizations. In recent days, many companies have become significant and active partners in this endeavor through their social business commitments. Again, the government endeavors tend to use the welfare approach. In the long run, the welfare approach does not work because it does not foster new skills, nor empower the poor, but rather creates greater dependency on others and is not sustainable. The new trend to a sustainable poverty reduction approach is to turn the poor people into social entrepreneurs so that they can afford the basic necessities of their life through their direct participation even in small scale social business.