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Further information can be found here: <https://vinuni.edu.vn/vinuniversity-student-preparing-for-the-launch-of-vietnams-first-nft-book/>

SOCIAL ENTERPRISE

The Advocation Of Future Companies?

Social enterprise is an organisation that applies its entrepreneurship insights to solve existing problems and create positive community impacts¹.

In an Entrepreneurship I took part in last summer, my professor asked the class: “What could you do with 27 dollars? Have lunch, buy one or two clothes, or own your favourite novel?” For 42 poor women in Bangladesh, just 27 dollars were enough to help them escape the pressure of high loan interest and start over in life.

Bangladesh experienced a severe famine in 1974. To pay for basic needs, many families decided to borrow from banks. However, the banks declined their request because they weren’t sure that the families would be able to pay back. As such, the families chose to borrow money from usurers. Their lives worsened when the interest kept rising, and poor citizens still couldn’t pay. When Muhammad Yunus figured out their lenders threatened 42 families just by 27 dollars, he dedicated himself to helping those people exit the hardship. He took his own money, lent them and – to his surprise – 27 dollars was enough to keep their bamboo village alive! They even made 0.02 dollars in profit each on that \$27 loan.

From there, Muhammad Yunus expanded his model to Bangladesh’s citizens. His activities were based on the microcredit model, which Grameen Bank – the first bank for poor people with interest rates of 2%² – practices. That humane idea brought Yunus the Nobel Peace Prize in 2006.

What Is Social Enterprise?

Social Enterprise is a hardly defined term. However, many scholars agree that social enterprises are risky sustainable organisations with a combination of business philosophy and sustainable development of the community³. The phrase ‘Social Enterprise’ was first mentioned in 1980 by Bill Drayton – founder of Ashoka, an organisation that motivates entrepreneurial spirit in young people through internship opportunities, case competitions, etc. In 2014, the Vietnam Enterprise Law first regulated social enterprise as an official type of enterprise. Like a traditional enterprise, social enterprise can operate in many fields, such as environment, education, culture... According to Change Creator, there are nine ways for social enterprises to make money (corresponding to 9 business models): the Entrepreneur Support model, the Market

Intermediary model, the Employment model, the Fee-for-Service model, the Low-income Client model, the Cooperative model, the Market Linkage model, the Service Subsidization model, and the Organizational Support model. Simply put, social enterprises can gain money by providing paid services, receiving financial support from the social enterprise's parent organisation, crowdfunding from the community, or asking for sponsorship from other organisations⁴.

The Purpose Of Social Enterprise

Social enterprises join the government to solve endemic domestic problems⁵, such as jobs, income, poverty, education, water, and more. However, social enterprise approaches those problems differently than the government. While the government generally works on a big scale, social enterprises act as units which permanently engaged in solving problems on a smaller scale – states, cities, or districts. For example, KOTO has been working on job and education problems.

KOTO – a social enterprise established in 1999 in Vietnam – first appeared to be a bakery store that creates jobs for wandering children while providing them with fundamental education. In 2002, KOTO registered to be a limited liability company. It was not until 2016 that KOTO was recognised as the first social enterprise in Vietnam. KOTO's mission is to equip fundamental skills, provide vocational training, and give disadvantaged and vulnerable children opportunities to prepare for their future⁶.

Financial And Perspectives Challenge Of Social Enterprise

First Thing First: Where Is Money?

Oxfam, CSIP, and Greenhub have operated the program “Support enterprises for developing purpose” in the past decade. The program includes a support package for 60 social enterprises working on Algiculture from 2015 to 2021. The result showed that the program has successfully created jobs and helped more than 5,000 workers' salary increase; the program also regularly buys agricultural products from almost 50,000 poor and vulnerable farmers in Vietnam⁷.

However, those are just a tiny portion of 14,7 million workers in 683,6 thousand enterprises nationwide⁸. Can we conclude that the government needs to support social enterprises more?

“Give Back” Ideology Is Hard To Compromise

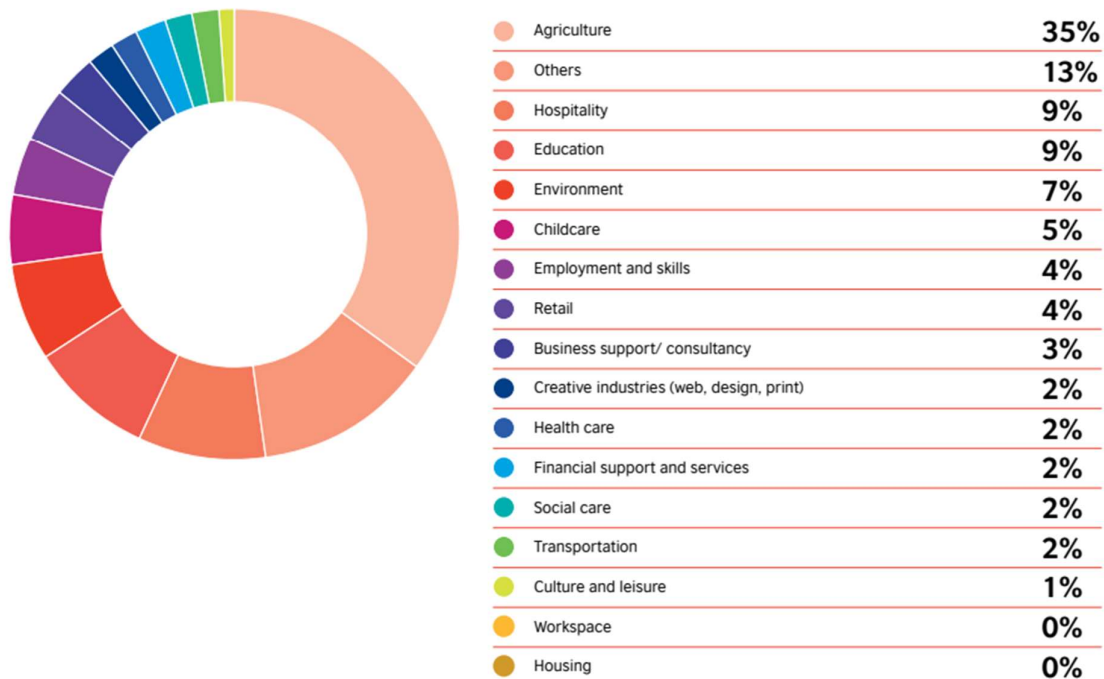
Social enterprise only maintains its substance if its owner is still a social entrepreneur. According to the Vietnam Enterprise Law in 2014, a social enterprise must take out 51% of its profit to reinvest on social–environmental targets as registered. For many entrepreneurs, using more than half of their profit for purposes that do not help increase revenue may not be the insight we usually see. Furthermore, this reinvesting decision is stated by law, contrary to traditional enterprises model (such as LLCs, where they can freely decide the cash flow).

Transform Jeopardy Into Opportunity

Difficulties do not mean that social enterprises are going to fail prematurely. If you know how to take advantage of the word “social”, you will see an excellent opportunity to grow your social business!

There Are Many Ways To Build A Social Enterprise

The potential to grow social enterprises is still significant in many fields. According to the report of the British Council about social enterprises in Vietnam⁹, this is a pie chart that illustrates the field distribution:



Though the number of social enterprises in Vietnam has yet to be reported, it is believed that they only account for a small part of all the enterprises operating in Vietnam. This opens a great opportunity to open more positions in social enterprises.

In my journey of finding my inner values, I was fated to meet many social enterprise owners. One introduced me to his professional office; another showed me the cosy headquarter. I was happy wherever I stood because any social enterprise is to bring happiness to the community. Social enterprise is not just about business but also humanity, right?

PHAN NHAT NAM

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