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# CASE STUDIES

- Please attach your case study to the board if it is an social/environmentally responsible business



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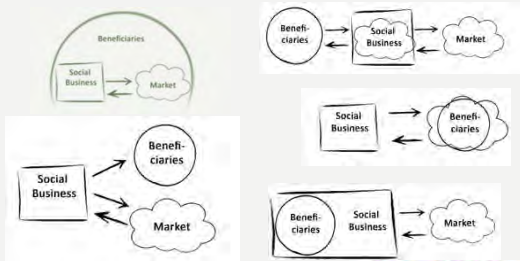
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# MERGING ALTER'S APPROACH AND CGE



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# TYPE A – CUSTOMER ORIENTED



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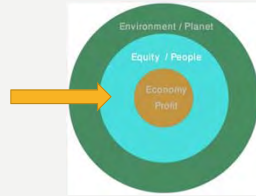
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# DESIRABLE ACHIEVEMENTS

- Products meets fundamental human needs (Max-Need)
- Product designed environmentally friendly
- Product contributes to the sustainable development goals
- Products made for / accessible to disadvantages customers
- Pricing and distribution environmentally & socially friendly
- Ethical communication & product information system
- Cooperation with businesses from the same field




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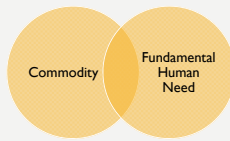
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# WHAT CAN BE SOLVED THROUGH TYPE A

- Access to basic commodities which improve live
  - Requires willingness to pay (no merit goods)
  - Requires ability to pay (financial stability of beneficiary)
- Where do commodity serve the fundamental human needs




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# FUNDAMENTAL HUMAN NEEDS




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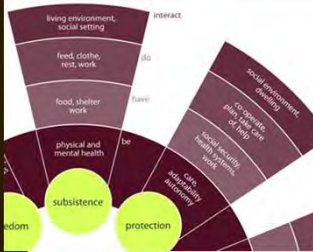
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## 4 LEVELS OF



- BEING:
  - Attributes (Nouns)
- HAVING:
  - Norms, Institutions, Mechanisms
- DOING
  - Actions (Verbs)
- INTERACTION
  - Location / Millieus
  - De: Befinden
  - Es: estar




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## TYPES OF NEEDS

Category 1	Category 2	Category 3
Sufficiency	Affluence	Luxury
Simple life	Good life	Excess
Basic Needs	Elective Needs	Status Symbols




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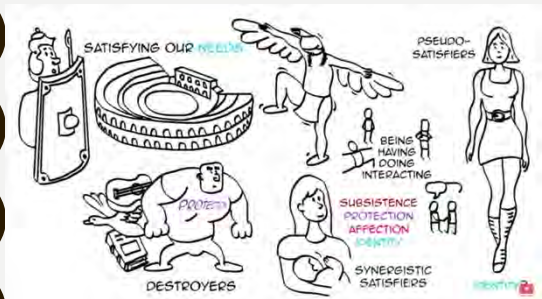
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## SATISFIERS



<https://www.youtube.com/watch?v=PT1M06s>




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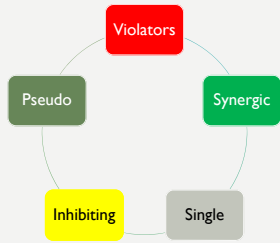
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# SATISFIERS




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# VIOLATORS

Supp. Satisfier	Targeted need	Impairs
Arms race	Protection	Subsistence, Affection, participation
Censorship	Protection	Creation, identity, freedom
Bureaucracy	Protection	Understanding, Affection, Participation, Creation, Identity, Freedom




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# PSEUDO-SATISFIERS

Supp. Satisfier	Need
Stereotypes	Understanding
Prostitution	Affection
Charity	Subsistence
Fashion & Fads	Identity
Soft drinks*	Subsistence




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# INHIBITING

Supposed Satisfiers	Need met	Inhibited needs
Paternalism	Protection	Understanding & Participation, Freedom, Identity
Authoritarian Classroom	Understanding	Participation, Creation, Identity
Commercial Television	Leisure	Understanding, Creation, Identity




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# SINGLE SATISFIERS

Satisfier	Need
Curative Medicine	Subsistence
Insurance System	Protection
Ballot	Participation
Sports Spectacles	Leisure
Nationality	Identity
Guided Tours	Leisure
Gifts	Affection




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# SYNERGETIC SATISFIERS

Satisfier	Primary Need	Stimulated Needs
Breastfeeding	Subsistence	Affection, Protection, Identity
Educational Games	Leisure	Understanding, Creation
Self-managed food production	Subsistence	Understanding, Participation, Creation, Identity, Freedom
Direct Democracy	Participation	Protection, Understanding, Identity, Freedom




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# SATISFIERS AND TYPE A SOCIAL BUSINESS

- A Social Business should not have ANY
  - Violators
  - Pseudo-satisfiers
  - Inhibiting satisfiers
- Ideally a Social Business has a majority of synergetic satisfiers




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# LIMITATION / RISKS



- Does the customer "demand" your product / service or is it a merit good?
  - Awareness Campaigns
  - Drug rehabilitation
  - Basic health care
- Are you able to produce cheaper than others without a lack in quality?
- Was the need served through the field of "social norms" (Ariely) before?
  - If yes: what will change if you commodify it?




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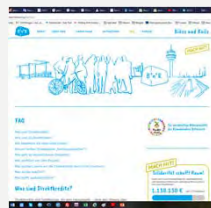
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# A - CUSTOMER ORIENTED EXAMPLES

**KARNALI MITERI UDHYOG**



**BIKES AND RAILS**




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# TYPE A RESTAURANT

## MODALITIES

- Serves breakfast and lunch for free to poor
- Serves dinner at night for paying clients
- Overlapping Type E?
  - No because it is integrated

ROBIN HOOD RESTAURANT MADRID




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# TYPE B – EMPLOYMENT ORIENTED




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# EMPLOYING "SOCIALLY"

- Work as means to fulfil fundamental human needs
  - Not only subsistence
  - Creation
  - Identity
  - ....
- Give meaning to people
- The context matters
  - Social security system
  - Degree of poverty
  - public perception




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## MEASURING THE IMPACT



- Scale of employment
  - Measure in: Full time employment in percentage of affected people reached
- Investment vs. salary
  - Ratio (no benchmark yet)



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## WHAT CAN BE SOLVED THROUGH IT



- People with disabilities
  - different infrastructure
- Employing hard to employ groups:
  - Competitiveness? → Precht
- Bring employment to “dead” regions
  - Market access?
- Work as dignity / empowerment and not just means
  - Internal structures



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## DESIRABLE ACHIEVEMENTS



- Employee-oriented organizationa structure
- Payment perceived as fair and ensures good life (working poor)
- Fair income distribution
- Fair working time distribution
- Encourage ecological behaviour and healthy lifestyle of employees
- Democracy & transparency



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## LIMITATIONS / RISKS



- Which product can be produced?
  - Can you compete with machine production?
- High investment in making employees productive
  - Initial training
  - Special equipment
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## B – EMPLOYMENT ORIENTED EXAMPLES



### JOB FACTORY



### SEEING HANDS



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## TYPE B RESTAURANT

### METHOD

- Employs blind people
- Guest experiences blindness

### DIALOGUE IN THE DARK



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## TYPE C – SUPPLIER ORIENTED




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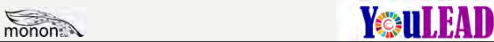
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## WHAT CAN BE SOLVED THROUGH IT

- Improving competition of small scale producers
  - Agriculture
  - Handicrafts
- Promote Regions / Rural Areas
  - Overlapping Type D / type A
- Reduce transaction
  - Create direct links
  - Product information instead of advertisement
- Make supply chains transparent




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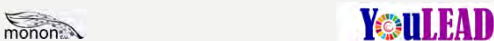
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## DESIRABLE ACHIEVEMENTS

- Regional, ecological and social aspects and alternatives are considered
- Active examination of impact of procured product & services
- Basic structure for conditional pricing




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# EXCURSION: TRANSACTION COSTS



"In order to carry out a market transaction it is necessary to discover who it is that one wishes to deal with, to inform people that one wishes to deal and on what terms, to conduct negotiations leading up to a bargain, to draw up the contract, to undertake the inspection needed to make sure that the terms of the contract are being observed, and so on."

Coase, 1961




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# EXCURSION: PRINCIPLE AGENT THEORY



## ASSUMPTION

- In market transactions
- Principles hire agents to perform an activity
- Information is asymmetrical
  - Agents have insider knowledge
- Principle as well as agent act in self-interest
  - Hidden agenda

## CONSEQUENCES

- Principle not optimally participating in market transactions
  - To little payment for suppliers
  - To high prices for clients
  - Unnecessary / wrong products for clients
- No transaction
  - Lower welfare for all




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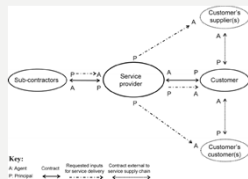
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# PRINCIPLE-AGENT-THEORY IN TYPE C SB



- Small suppliers have high transaction costs (Coase)
- Suppliers therefore require intermediaries to access the market
- Those intermediaries are the agents
- Intermediaries often have a monopoly (i.e. cafe mafia)
- Customers do not have a choice of intermediaries
  - Fair electronics
  - Big five in food




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## SPECIAL CASES OF TYPE C



### SHARING ECONOMY

- Supplier = individuals
- Supported by technology



### COOPERATIVES

- Suppliers = members = customers
- Democratic structure
- Local proximity
  - Knowing each other personally




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## LIMITS AND OVERLAPPING

### TYPE A – CUSTOMER ORIENTED

- In comparison
- Focusses more on the impact on the supply side of the chain (in case of conflict)

### WITH TYPE D - ENVIRONMENTAL

- In comparison
- More focus on the




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## C – SUPPLIER ORIENTED EXAMPLES



### FAIR PHONE



### FOOD COOPS




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# RESTAURANT TYPE C

## METHODOLOGY

- Cook only with local ingredients
  - Not even olive oil, lime or anything else ...
- Cooking according to the harvesting calendar
  - Winter ... work with
- The whole animal / vegetable is eaten
  - Not only the filet or the root
- They know every supplier in person

NOBELHART & SCHMUTZIG



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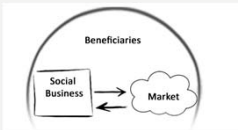
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# TYPE D – ENVIRONMENT ORIENTED



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# WHAT CAN BE SOLVED THROUGH IT

- Reduce the footprint of a type of product / service
- Encourage more environmentally friendly behaviour



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# LIFE CYCLE ASSESSMENT




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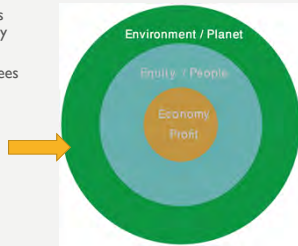
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# DESIRABLE ACHIEVEMENTS

- Producing goods and services more environmentally friendly
- Encourage environmentally friendly behaviour of employees
- Product design cradle-to-cradle
- Sufficiency-active design for ecological use
- Active communication of environmental aspects to customers




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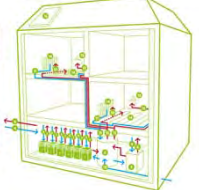
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# D – ENVIRONMENTALLY ORIENTED EXAMPLES

CLOUD & HEAT



LIVIN FARMS




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# TYPE D RESTAURANT

## METHODOLOGY

- Heating and cooking with local wood
- Local organic food
- Member of the zerofoodprint network

## FLOUR + WATER



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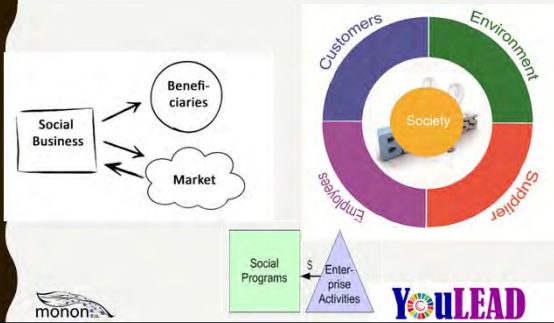
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# TYPE E – SERVICE SUBSIDIZATION MODEL



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# DESIRABLE OUTCOMES

- Enterprise existing for the sake of subsidizing social activities
- All profit is
  - Reinvested or
  - Invested in social project
- High transparency and democratic elements to include the beneficiaries



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## LIMITATION / RISKS



- Integration of mission in business
- Transparency of financial flows
- Limitation
  - Subsidization = profit (100 % ?)
  - Social operations need to run from the profit
  - Small scale social projects
    - One time investments (i.e. new school building)
    - No or low fixed cost (i.e. club work)



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## E: SERVICE SUBSIDIZATION EXAMPLES



### HIGHER GROUND (TRAFFICKING)



### DHARMA DOO (VARIOUS PROJECTS)



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## TYPE E - RESTAURANT

### METHODOLOGY

- Vegetarian Restaurant
- Tourist Center of Nepal
- Has Sarangi Music performance
- All profit goes to develop the Ghandarba Community

### SARANGI RESTAURANT, KATHMANDU



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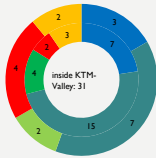
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# TENTATIVE DISTRIBUTION OF SOCIAL BUSINESSES IN NEPAL

Tentative distribution of Social Business in Nepal

outside KTM- valley: 18



Type A - Customer    Type B - Employment    Type C - Supplier    Type D - Environment    Type E - Society



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# GROUP EXERCISE

- Gather in groups of four and try to brainstorm min. 1 example for each social business type mentioned + 1 example for a social responsible business



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