



## The importance of social business for generation of value for society in the economic freedom view

Denise Cardoso Pereira, Lilian Aparecida Pasquini Miguel and Patricia G. Vidal

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### Abstract

Nonetheless, technology contributes to an increase in life expectancy, further aggravating the problem of government budgets. These issues fostered the creation of corporate trends, whose activities and initiatives fit into what is now known as social entrepreneurship, whose focus is on innovation, social value creation and business sustainability that have a social impact. In this way, this new form of organization promotes a change that goes from a model of social action focused on philanthropy to a model that has a social mission and, at the same time, carries a concern with the achievement of profits. The freedom of action of social entrepreneurs, the driving force of capitalism, brings to light the opportunity to create value for society by creating businesses that innovate, employ, empower and foster social well-being through the reinsertion of individuals in the society of consumption, from which they were separated. Thus, this work aims to discuss the generation of value for the community, through social business against the background of the precepts of economic freedom. To do so, five cases will be presented of Brazilian companies that deliver value to society through social business.

Academy of Management  
555 Pleasantville Road, Suite N200 Briarcliff Manor, NY 10510-8020, USA Phone: +1 (914) 326-1800  
Fax: +1 (914) 326-1900

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## THE IMPORTANCE OF SOCIAL BUSINESS FOR GENERATION OF VALUE SOCIETY IN THE ECONOMIC FREEDOM VIEW

### ABSTRACT

Even though, technology contributes to an increase in life expectancy, it aggravates the problem of government budgets. These issues fostered the creation of corporate trends, whose activities and initiatives fit into what is called social entrepreneurship, with focus on innovation, social value creation and business sustainability with a social impact. In this way, this new form of organization promotes a change that goes from a model of social action focused on philanthropy to a model that has a social mission and, at the same time, carries a concern with the achievement of profits. The freedom of action of social entrepreneurs brings to light the opportunity to create value for society by creating businesses that innovate, employ, empower and foster social well-being through the reinsertion of individuals in the society of consumption, from which they were separated. This work aims to discuss the generation of value for the community, through social business against the background of the precepts of economic freedom. To do so, five cases will be presented of Brazilian companies that deliver value to society through social business.

**Keywords:** Entrepreneurship, social entrepreneurship, social business, economic freedom, creation of social value.

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**INTRODUCTION**

In the last century, society has become significantly transformed by the expressive changes in the relations of production and social reproduction. That takes place within a variety of contextual factors: society, economy, culture, environment and education (Margolis, & Walsh, 2003, Mair, & Marti, 2006). It also challenges the field of research in entrepreneurship (Mair, & Marti, 2006, Nicholls, 2006, Campbell, 2007, Harding 2007, Nicholls, 2010, Santos, 2012).

Governments from various countries claim they cannot bear the social burden suggested by the Keynesian Model (Juliet, & George, 2005; Roper & Cheney, 2005; Nicholls, 2006), neglecting some social problems (Santos, 2012). Also, the economic crises experienced by several countries reflected the reduction of tax revenues (Light, 2006;). In the case of Brazil, this situation is further aggravated by the loss-making state that undermines the government's coffers. Adding to this, technological advances in health have raised life expectancy rates (Walker, 2013, Worldbank, 2016), and in the business sector, they contribute to job cuts (Davis 1998, Webster, & Erickson, 2004; Otekhile, & Zeleny, 2016.). The internet of things, industry 4.0 and stand-alone cars are no longer a distant reality and will undoubtedly impact the way society is organized. The corollary of these advances is the aggravation of social problems that will further pressure governments worldwide (Webster, & Erickson, 2004).

Prahalad and Hart (2002) drew attention to the population at the bottom of the income distribution pyramid (BoP). In 2017, 10.9% of the world's population receives less than US\$1.90 per day (WorldDataLab, 2017), with only 1% of the population concentrates half of the planet's wealth (OECD, 2015), which shows an unfair distribution of income. Although poverty rates have declined in all regions, progress has been uneven (World Bank, 2016). The

majority of global poor live in rural areas and are poorly educated, mostly employed in the agricultural sector and more than half are under 18 years old, and in fragile and remote areas (WorldsBank, 2016).

Apparently, the solution to this crisis implies a reduction in the size of the state and the transfer to private enterprise of services that are no longer supported. On the other hand, ending poverty implies: access to good schools, health care, electricity, drinking water and other critical services that remain elusive for many people, often determined by socioeconomic status, gender, ethnicity and geography (World Bank, 2016).

Some companies are creating innovative solutions to ease the problems of human misery (Margolis & Walsh, 2003). These underlying issues have contributed to the emergence of a set of societal tendencies, organizational structures, and individual initiatives that fall under the generic term of "social entrepreneurship" (Roper, & Cheney, 2005). Social entrepreneurship, a construct first reported in Germany in 1954, appears to meet the demands of society against the inefficiency of the state in responding to the wishes of civil society.

In this way, social entrepreneurship aims to activities that promote social transformation through innovative ideas (Ziegler, 2009). These activities focus on business creation that aims to creating customer value, either through services or products (Felicio, Gonçalves & Gonçalves, 2013), hence the name of social business.

Nonetheless, social business is not just palliative or merely philanthropic measures. These endeavors seek to bring alternatives to include citizens in society as elements that are productive and able to move the economy. Involving charity does not recognize the problem and makes it difficult to solve it, so charity is not the solution to poverty. It perpetuates it by taking the initiative from the poor (Yunus, 2010). In this way, the social enterprise combines the passion to pursue a social mission with business models based on innovation and determination (Dees, 1998).

Social businesses find in innovation an alternative for the implementation of more straightforward, less costly, more agile and practical projects, and the possibility of serving a broader and more spatially dispersed public. The sum of these elements allows less privileged and previously overlooked population access to quality products and services related, mainly, to health, housing, education, and microcredit.

These matters create a context in which the sustainability of the common good, through the creation of value and business, generates and keeps consumers in a continuous virtuous circle, meeting the precepts of economic freedom. In this way, promoting social business can transform society in a sustainable way, guaranteeing the fulfillment of its demands without depending on the actions of the government, thus ensuring freedom and respect for individual choices.

This article, part of an applied research project, has as primary objective to discuss and to foster the creation of social (societal) businesses, to advise entrepreneurs, so that they can develop activities oriented for companies that involve change and social well-being.

Since social entrepreneurship works to bring change, and create human capacity instead of encouraging dependency (Bornstein, 2007), a corollary of "welfare" policies, and considering that entrepreneurship has been recognized as the main driving force of capitalism (Wennekers, Uhlaner, & Thurik, 2002; Baumol, 2004), the development of social business is defended as a way to include individuals separated from the society in order to foment growth in a balanced way, especially in developing countries.

The principles that guide this paper are based on the concepts of economic freedom (Mises, 2010), which are about the sustainability of the common social good, through education, entrepreneurship, value creation and the development of businesses and markets that manage and keep consumers in a continuous virtuous circle that allows social transformation.

## LITERATURE REVIEW

### Social Entrepreneurship

Sassmannshausen and Volkmann (2013) indicate the publication of Parker (1954), as a starting point in the research on the term social entrepreneurship. Parker (1954) studied the German mining industry and cites a different form of entrepreneurship, for that time, called social entrepreneurship. For the author, the interest of the individual in social entrepreneurship depended on the fluidity of the German social structure, the patterns of progress and the individual's restlessness.

Social entrepreneurship contributed to a more significant social mobility that allowed members of the working class to achieve relatively well-paid and intrapreneurial leadership positions, demonstrating entrepreneurial behaviors (Parker, 1954; Sassmannshausen & Volkmann, 2013). Until 1985, the term was not used again. From that year, the number of publications increased almost continuously, but at very modest rates. In the years 1999 to 2000, the number of business research on the subject nearly doubled (Sassmannshausen & Volkmann, 2013).

It was only after the publication of Dees' article, in 1998, that the academy proceeded to discuss different perspectives on social entrepreneurship and social affairs (Barki, Comini, Cunliffe, Hart & Rai, 2015). Interest in social entrepreneurship has grown "simultaneously from very different strata of society with partly overlapping agendas, partly different and even contradictory" (Steyart & Hjorth, 2006, p.5).

Since the beginning of the 21st century, social entrepreneurship (SE) has come to occupy a prominent place in the research entrepreneurship (Steyart, & Hjorth, 2006; Sassmannshausen & Volkmann, 2013). Social entrepreneurship can be defined as "the creation of a social value that is produced in collaboration with people and organizations of civil society involved in social innovations that usually result in economic activity" (Hulgård, 2010, p.4).

In this way, the activities carried out by social entrepreneurship (societal) result in the development of consumer markets, focused on business creation, which aims primarily at creating customer value, either through services or by the creation of products.

The definition of social entrepreneurship presented by Hulgård (2010) is based on four criteria: social value; civil society; innovation; and economic activity:

- **Social Value:** social entrepreneurship must create social value. The social value can be classified according to the events that it performs (broad and restricted) or according to the extension of the places of action (global and local). In this way, a social enterprise can be: broad and global (Ashoka, which has many activities and operates worldwide); restricted and global, but still ambitious and radical (Grameen Bank, whose goal is to end global poverty); limited and local (GRAAC that works with childhood cancer in Brazil); wide and local.

- **Civil Society:** social activities in the private commercial sector and the public sector cannot be confused with social entrepreneurship. Social entrepreneurship is located at the intersection of the public sector, the private sector, and civil society. Corporate Social Responsibility is limited by the interests of shareholders and private entrepreneurs, while social entrepreneurship is limited by the interest of creating social value for the benefit of vulnerable communities.

- **Innovation:** social entrepreneurship seeks the development of a new approach to a social problem, not restricting itself to the ambition to form a company.

- **Economic activity:** The activities of social entrepreneurship have an economic impact, either in the communities involved or in the entrepreneurial organization itself. Economic activity must be understood in a broad sense. The social enterprise, or social business activity, has a high degree of autonomy and ambition to produce goods or services as part of the activity. The notion of economics is relevant to all stakeholders in the activity: for the entrepreneur, who assumes an economic risk and for the participants, who can benefit from improved health, social service production, community development, access to work, etc.

A good social business contains three components (Chang-Lin, & Yu-Ping, 2016): meeting a need in the community or local market; advancing or achieving a specific social mission, and contributing to the business' financial sustainability.

The connotation of social business can be described in three dimensions: social enterprise essence, social impact and business operations (Chang-Lin, & Yu-Ping, 2016). For Mises (2010, p / p), "in genuine capitalism, the greed of an individual entrepreneur benefits not only himself but also all other people."

**Social Business**

Social business is a business model beyond existing ones, which contributes significantly to innovation since it encompasses a new solution to the social problem (Borzaga, Depedri & Galera, 2012). In an objective definition, "Social Business are undertakings that align the logic of the market and the social logic, that is, they seek self-support for the sale of products and services together with the generation of social value" (Jahchan, Comini, & D'Amario, 2016, p.537).

Comini, Barki, and Aguiar (2012) identified three perspectives on social business. The European perspective, the US perspective and the perspective related to emerging or developing countries, as in the case of Brazil (Table 1).

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- **European perspective:** it presents a spectrum of long-term and comprehensive social enterprise, providing the needs that the public sector should provide.

• North American perspective: it presents a spectrum more focused on social business, including, according to Kerlin (2006), any entrepreneurial activity that contemplates social impact in its business activities. Social businesses can be corporations, limited companies or nonprofits organizations.

• Perspective in emerging or developing countries: robust scope of inclusion, which is very present in Latin America. Inclusive businesses are not distinguished from social ones, although they have very different ranges, but are often a subdivision of social affairs. Such a perspective is mainly concerned with poverty reduction, with access to consumption of goods that impact health (food, medicine), in the sense that it creates a quality of life.

It is important to emphasize that social businesses and traditional businesses differ in some aspects, despite their similarities (Barki et al., 2015). Table 2 presents the main characteristics of each of them.

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As Table 2 shows, due to the emphasis of social affairs on the social question itself, the intentionality has the essence of its social value, while in traditional business social value is a complementary item, which leads to a societal vision. The client of the social business is the client that the traditional business does not focus exclusively (low-income or practically no-income people). In the same way, traditional companies, even when they consider the low-income sector, do so by the consumer alone, while social businesses deal with other stakeholders, since they all participate and contribute in the process of creating social value. Another critical differentiating aspect concerns the creation of value, whose indicators, in the

case of social business, have a touch of intangibility, which are in fact the main *motto* of the value created.

Regarding the management and remuneration of entrepreneurs, social businesses can be managed by profit-making companies or by non-profit organizations (Kerlin, 2006). Although a business owner does not aim to make a profit for himself, he has the right to recoup his initial investment. He can make it by living up to his dedication as a social entrepreneur, and just like a traditional business, reinvesting in the business to expand it, making it attractive and sustainable (Yunus, Moingeon, & Lehmann-Ortega, 2010).

Kiyama, Comini, and D'Amario (2014), however, argue, based on Marquez, Reficco, and Berger (2009), that inclusive businesses seek business profitability, a marked difference compared to traditional corporate social responsibility initiatives. Inclusion is one of the most effective ways of combating poverty by making them suppliers or employees of the enterprise value chain (Karnani, 2007).

Analyzing 33 Ibero-American social businesses, Portocarrero and Delgado (2010) highlight four aspects proposed by social businesses: increasing income, access to products and services, building citizenship and developing social capital.

- Income increase: It broadens the life opportunities of the individual, through stable employment or self-employment; integration into productive chains as suppliers; the emergence of an entrepreneurial spirit.
- Access to products and services: reduction of barriers to access products and services, unavailable due to high prices, distribution problems, or poor quality of public services.
- Building citizenship: reducing information asymmetry, which increases the vulnerability of people, exposing them to underemployment and unscrupulous intermediation.

- Social capital development: the inclusion of people for the development of an economic initiative strengthens the social relations between the people who participate in these groups.

(Portocarrero, & Delgado, 2010, p.305).

Social businesses should be evaluated according to tangible aspects (an increase of income and access to goods and services) as well as intangibles aspects (construction of citizenship and development of social capital) (Portocarrero, & Delgado, 2010). From the strategic point of view, some care must be taken to create a social business (Berger, & Blugerman, 2010):

- Sustainability and alignment with the social mission: Only good intentions are not enough to generate sustainable business. The social entrepreneurs should be able to adjust the business model as the changes occur.

- Scale suitable for the enterprise: The most challenging point because the scale of action can greatly restrict business performance, making it difficult to obtain financing and learning, among others.

- Alliances with partners in a creative and practical way: The relationship with mature and structured companies is a critical issue for the evolution of social business, to create value through commercial arrangements and training, among others.

- Leadership for sustainability: The three previous aspects can only be achieved if there is (a) innovative vocation, (b) ability to take risks, and (c) willingness to make internal adjustments that can improve the economic performance of the business.

### **The creation of market value**

The beginning of the discussion of value creation is around the 1970s, based on the agency theory, that advocates value creation for shareholders, believing that this would ensure companies' ability to be competitive (Copeland, Koller, & Murrin, 2010; Stacey, 2010). Friedman (1970), in his article The Social Responsibility of Business to Increase its Profits,

makes it clear that the sole purpose of the company is to generate profits (value) for its shareholders.

However, Porter (1985) brought one of the most significant contributions to the logic of value creation with his value chain proposal. According to his model (Porter, 1985), value activities can generate value products for the client, which will guarantee the company a competitive advantage. In a value chain, some activities are considered essential, while others are considered support activities, depending on the scope of the company.

Given this evolution, value creation started to be studied and developed on several other perspectives, all of them considering the logic of value creation, as a direct or indirect way of creating a competitive advantage for the organization. Value creation then became critical to the production of competitive advantage, as well as an essential strategic element of companies to create value for their customers and consumers (Othman & Sheehan, 2011).

Stabell and Fjeldstad (1998) elaborate a typology of value creation based on technology, in three parts: (i) transformation of inputs into goods and services; (ii) use of knowledge experts to solve customer problems; and (iii) creation of a network of contacts to facilitate all transactions.

The work of these authors gives rise to the application of value creation at various stages of the supply chain, whether by manufacturing companies or not, regarding production, knowledge or transactions (Othman & Sheehan, 2011). That was done by Barney (1991), based on a sustainable competitive advantage created by resources and capabilities that are valuable, hard to imitate, non-replaceable, and articulated by the organization's DNA.

Regarding the marketing literature, Kotler (1972) proposes that marketing starts to worry about creating customer value to satisfy it. According to Anderson et al. (1994), such satisfaction becomes, then, a function of the customer's perception of value. Some of the authors that address the theme in different ways are: Zeithaml (1988) discusses customer

perception of price, quality and value, while Woodruff et al. (1993) sought to understand value from the point of view of the consumer. Later, Woodruff (1997) is concerned with the process of value creation, as a resource for competitive advantage. Churchill and Peter (2003) dedicate a whole book to defend the focus of marketing actions on creating customer value.

From these actions, the consumer's understanding emerges as an active part of the process of value creation, restricted, until then, to the companies. The value is created in the relationship between consumer and business (Prahalad and Ramaswamy, 2000, 2004a, 2004b; Vargo and Lusch, 2004, 2006, 2008; Grönroos, 2008; Ramaswamy, 2008). A little later, Payne et al. (2009), discussed the role of the consumer in the co-creation of brands.

The most current aspect is the creation of social value, defended by Porter and Kramer (2011). The authors agreed to call "big idea: creating shared value", postulated by the authors as the creation of "policies and operational practices that foster the competitiveness of a company while at the same time improving the economic and social conditions of the community in which the company operates " (p.1).

Beschorner and Hajduk (2017) produce a critique of the idea of Porter and Kramer (2011). They claim that Porter and Kramer's model diminished the modern understanding of corporate responsibility, without dealing with the current and more adequate view of the relationship between business and society.

Although the concept of value can be simplified in the result of the cost-benefit function, the higher the final result, the more the value created (Barney, Hesterly, 2012; Hitt, Ireland, & Hoskisson, 2012; Peter, 2000, Kotler, & Keller, 2012). The creation of sustainable value demands that the value occurs for all the stakeholders of the organization, in a transversal way, a simple task, once the concept and perception of value for each one of them are differentiated (Jordan et al., 2012), besides being dynamic through time. Therefore, companies should not

only create value in their actions, but must be flexible to keep up with the constant changes in the market (Chakravarthy & White, 2002; Ghoshal & Bartlet, 1997).

As Catelli (1999, p. 31) argues, companies should "highlight and appreciate the entrepreneurial attitudes," since if each employee treats his/her area as his/hers own company, the effectiveness of the company, as a whole, will be "a function of the effectiveness of the areas".

Porter (1985, p. 2) makes clear that "the competitive advantage arises fundamentally from the value a company can create for its buyers and that exceeds the cost of manufacturing by the company." In this view, the author includes the economic concept to create value, not only for the consumer but also for the company.

To face global competitiveness, countries have sought to make bilateral agreements on science and technology, labor, and especially education, among other factors of society's competitiveness (Catelli & Santos, 2003).

### **Economic Freedom**

The concept of economic freedom is about the sustainability of the common social good, through education, the creation of value and businesses that manage and maintain consumers (Mises, 2010).

The consumer, under such optics, is sovereign, he/she determines, by the act of buying or not, what should or should not be produced, as well as in what level of price and quality the companies should produce. Companies that attempt to comply with this rule of the game will thrive (Mises, 2010).

A free-market economy, the capital owner should invest in those companies that focus on customer service, making the capital change hands, continuously, as it is guided by the investment in the best service to the consumer public (Mises, 2010). Mises (2010) states that

"this is what economists refer to when they say that the market economy is a democracy in which every cent gives the right to vote."

Corroborating to such postulate, Martin (2016) emphasizes the importance of competition as a powerful tool. Since humans are not born with knowledge about the best conditions for achieving their goals, nor about the theories that explain the world around us, nor how to manage the interactions between people, humans should seek the promotion of cooperation to the detriment of the conflict.

For the author, based on Hayek's (1968) insights on the limitation of human knowledge, "both freedom to experiment and responsibility for failure are necessary for innovation and progress" (p.1). According to Mises (2010), capitalism benefits everyone: not just consumers, but the masses in general. It does not only help business, the competition under capitalism is what guarantees to consumers that the entrepreneurs will do their very best to provide them, the consumers, the goods and services they really want.

The author's interest lies in finding the economic system that optimizes the well-being of individuals and the living conditions of the masses, which in his view is economic freedom under capitalism, in which consumers are sovereign in the free capitalist market. As an epigraph, Greaves (2010) affirms that Mises believes that: "A man only has freedom as long as he can shape his life according to his plans", and "morality only makes sense when directed to individuals who are free agents." Based on this view, the consumer can be considered the most critical stakeholder of an organization, for whom the concept of value varies and must be carefully analyzed, although it is not the only one.

In a broad sense, economic freedom implies the condition of exchanges of goods and services, without restrictions on free marketing, that is, without price control, excessive taxation, monetary instability and / or violation of property rights: a free market (Corbi and Menezes Filho, 2007).

Bender Filho, Sonaglio and Zamberlan (2013) point out the work of Hall and Lawson (2008), Corbi and Menezes Filho (2007) and Gwartney, Holcombe and Lawson (2004) indicate that the greater the degree of economic freedom in a country, the greater the speed in its level of growth, with higher levels of per capita income will be.

## DISCUSSION

The end of the 20th century and the beginning of the 21st century present a series of events that mark the historic moment: productive restructuring, growing problematization of the social, reduction of public investments in the social field. Besides, the growth of third sector organizations, the participation of companies in investments and actions in the social area, the inability of governments to meet the demands of society, globalization of poverty, social exclusion, underdevelopment, degradation of the planet, end of full employment.

As Sobrinho points out (2017, p / s), we identified in the XXI century the concern with human dignity as a question, related to the eradication of poverty in its various forms. This matter is considered a dimension of fundamental human rights. It also creates a dilemma to overcome: real globalization and possible globalization. Understanding that the latter would consist of a world in which all could have a dignified life, through access to the existential minimum: health, education, security, food, housing, income, and respect for cultural, social and political plurality.

Although the world economy has grown, goods and services are actually in the hands of few companies, creating a significant social inequality. The balance becomes the focus of action of social entrepreneurs, through the creation of social business that meet the needs not only of its consumers, but also of public needs (McCaffrey, 2015).

### **Brazilian examples:**



Companies such as Moradigna and Vivenda has stood out in the renovation of popular housing of needy communities in the city of São Paulo, with the aim of making them dignified and improve the health conditions of its inhabitants, or even Dr. Consultat, a company created with the purpose of supplying affordable medical appointments and exams to the part of the Brazilian population that should be assisted by public health care. These companies (Moradigna, Vivenda, and Dr. Consulta) are examples of entrepreneurial activities that serve their clients, providing valuable products, and , also meeting public needs since their efforts "take people out of the queue" of those who seek care in the public health system. Also, it allows people to return to the job market faster.

These companies have a social mission but have proven profitable over the years. In the case of Dr. Consulta, for example, the enterprise started its activities in 2011 in Heliópolis (the biggest slum in the city of São Paulo). Today it has more than 45 units and a client base with more than one million patients served in more than 56 specialties (Dr.Consulta, 2017). Even people with private medical assistance seek Dr. Consulta, due to its quality and the time of scheduling.

The performance of these companies contributes to correct the problems of public policies, that is to say: poverty - promoted by the lack of fomenting to the entrepreneurship, for example; lack of housing - rent control and zoning laws; unemployment - generated by both industries and monetary policy; low educational level - delivery by the public sector is done by teachers with low pay and training (McCaffrey, 2015).

Geekie has developed a teaching methodology to be applied to low-income children to complement their school learning. Through the sale of its products to private schools, and by raising funds in the market, the company obtains the necessary money to provide its products free of charge to low-income children. From 2011, the company has increased its customer base yearly and offers free packages, as well as developing new products.

The construction of a fair and balanced society regarding knowledge and economic competence, part of the fundamental education of its citizens, from the young age. It is at this stage of life that the main values are passed and settled, forming the capacity to undertake, create and provide sustenance for you and yours. In this scenario, education not only promotes but also a tool for technical progress and the development of the economy.

According to Mises (2010), education is shaped not only by trained human beings but also by consumers. Considering levels of demand that are up to industrial evolution and its innovations, focused not only on the functional benefits of the product but also on environmental and social sustainability, the supply of the raw material, the manufacture, sale, and consumption. Social problems, according to McCaffrey (2015), are the result of failures of government policies, not of market failures.

Although traditional institutions of philanthropy seek to do the same, they are ineffective because of the existing bureaucracy, not to mention reproducing the same practice without to promote the evolution of the human being and its reintegration into society, which is fed by the same modus operandi, without innovation, since the state tends to create dependency, creating reinsertion, through financing, training and innovation (Border & Tucker, 2013) .

Innovation has been present in social business both in process improvement and in product improvement. In these businesses, the use of new information technologies has been used with a focus on the cheapness of products and processes, the agility of the services and the higher number of people assisted.

The idea that local partnerships allow suppliers, purchasers, government and non-government agencies to work more efficiently and jointly because they are closer, is part of the concept advocated by Porter and Kramer (2011). In the companies taken as an example in this discussion, we identify the realization of partnerships for cost reductions (Vivenda and Moradigna) or the search for technologies (Dr. Consulta).

Entrepreneurs' success lies in creating and delivering value, which is more important than creating jobs. It is the value created for someone who will, consequently, create more jobs (Horwitz, 2012). Therefore, entrepreneurs should be free to create value and innovate, since, as Johnson (2011, n / d) points out, "a fully liberated market means releasing essential command positions in the state control economy, to be recovered for social and market entrepreneurship."

According to Porter and Kramer (2011, p. 1), the way to reactivate credibility in business within the capitalist system involves "a new approach that embraces economic and societal concerns." The authors advocate a revision of existing ways of developing products and markets, as well as the need to redefine productivity in the value chain, including at the heart of these processes the care for the planet and the need for a social dimension.

In this context, social enterprises have revolutionized the construction of value chains with reduced costs (thanks to the establishment of partnerships, the use of technologies and the supply of simpler products) and the delivery of high value products to their customers, to the community - in the long term - and for governments that see part of the services they should offer provided by social businesses.

Brazil is a country where more than 26 million people are unemployed or underemployed (IBGE, 2017), with no prospects, mostly young people just out of college, and where more than 30 million people live below the poverty line, companies should aim at: creating a more balanced and just society; the inclusion of people; the creation of suppliers, producers, and consumers; and the dignity and quality of life, can be one of the most brilliant and rewarding careers of the moment.

To do so, it is only necessary (Bornstein, 2007): motivation, willingness to correct oneself, willingness to share credits, desire to release established structures, willingness to cross disciplinary boundaries, willingness to work quietly, strong ethical impetus.

Although social entrepreneurship is still at an early stage in Brazil, there seems to be no doubt about its potential intervention through the creation of social value, through innovation and job creation (Quintão, 2004). It is possible to perceive through these examples that the delivery of value is a predominant condition in these enterprises.

## CONCLUSION

The primary objective of this article was to discuss the development of social business as an alternative to economic growth, with social entrepreneurs and their initiatives of the creation of social value as leading actors.

The principles that guide this discussion are based on the concepts of economic freedom, which are about the sustainability of the common social good, through education, entrepreneurship, the creation of social value and the development of businesses and markets that manage and maintain consumers, in a continuous virtuous circle that allows social transformation.

The premise is that social businesses play a significant role in social transformation, through the solution of problems that governments can no longer cope with, either through failures in their policies or through considerable changes in the dynamics of growth and longevity of individuals or for stronger issues related to public and social ethics.

It can be observed that the philanthropic model of aid, associated with issues related to charity, paternalism and welfare, has not been able to achieve social and economic transformation, inclusive and efficient for the development of communities, since they depend on the "goodness" of the participation in isolated campaigns, random donations and other charitable gestures, in an unsustainable way.

Social businesses seek to create value, instead of only jobs, which become a consequence rather than an objective, seeking profit, aiming at their sustainability, independence of donations entirely or partially, and seek solutions of social impact and environmental.

This article defends the development of social businesses to efficiently address the significant social problem that exists worldwide, create social insertion, dignity, and markets, in a virtuous circle of growth and economic and social sustainability.

Although it is a still incipient path in Brazil, despite the examples presented here, and precisely because of this embryonic state, it is understood that the subject deserves prominence, given the urgency in the solutions of social problems in Brazil.

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**TABLE 1: The Social Business Outlook**

<b>European perspective</b>	<b>North American perspective</b>	<b>Emerging or developing countries perspective</b>
Preponderant term: social business	Preponderant term: social business, bound to strategies for BoP (base of the pyramid)	Preponderant term: inclusive business
Focus on marginalized population	A company with a social focus or a business unit of business enterprise	Concern about poverty reduction and inclusion
Complementation to public services	Non-profit organizations with for-profit business	In LA, there is no concern to distinguish social from inclusive businesses
Concern about governance and collectivity (social ownership)	Emphasis on economic efficiency and the potential of “scale-up”	Inclusive business and social business concepts
In many European countries, there are regulations	Multiplicity of organizational and legal formats (Young, 2009)	Brazil: inclusive business would be a social business subcategory
Scale: Not relevant	Scale: Extremely relevant	Scale: Desirable
Main focus: social impact	Main focus: Social and financial impact	Main focus: social impact

Source: Adapted from Comini, Barki, and Aguiar (2012)

**TABLE 2 - Characterization of social affairs**

	<b>Traditional</b>	<b>Social</b>
Emphasis	Market	Social
Main objective	Access to a big market (pyramid base)	Poverty reduction.
Product offer	Any goods	Goods for basic needs
Intention	Social value is important, but not central	Social value is core
Impact	Indirect contribution to poverty reduction	Direct contribution to poverty reduction
Customers	All classes	Low income people
Low income people	Consumer	Production/supplier/beneficiary
Scale	relevant	Not relevant
Workers	No priority	Excluded from the society
Legal	Private enterprises	CSC
Community involvement	No participation	Collective participation established
Accountability	No priority	Total priority
Profit	Dividends payment	Reinvestment in the business



Economic value	Income less cost	Includes all outside benefits
Social value	Tangible indicator (income access, product offer)	Intangible indicator (citizenship, social capital, self-esteem)

Source: Adapted from Comini (2011)