

Social business entrepreneurs are the solution



MUHAMMAD YUNUS

MANY of the problems in the world remain unresolved because we continue to interpret capitalism too narrowly.

He is dedicated to one mission in his business life -- to maximize profit. He is supported by masses of one-dimensional human beings who back him up with their investment money to achieve the same mission.

This theory postulates that you are contributing to the society and the world in the best possible manner if you just concentrate on squeezing out the maximum for your self.

No wonder sometimes doubts appear in our mind whether we are doing the right thing by imitating the entrepreneur designed by the theory.

I think things are going wrong not because of "market failure." It is much deeper than that.

If SBEs exist in the real world, it makes no sense why we should not make room for them in our conceptual framework.

Market is not equipped to address social problems. Market is generally considered to be an institution not equipped to address social problems.

But this did not last long. With command economies gone we are back to the artificial division of work between the market and the State.

Well-known and well-established profit maximizing kind, which are devoted to making private gains.

-- Social benefit maximizing kind, which are created to do good to people, not paying any attention to making private gains.

Basic features of an SBE -- An SBE is designed and operated as a business enterprise to pass on all the benefits to the customers.

SBEs are non-loss-non-dividend companies. Bottom line for them is to operate without incurring losses while serving the people, and the planet, particularly disadvantaged people.

SBEs will operate in the same market place with the profit-maximizing enterprises, compete with them, try to out-manoeuvre them, for their market shares.

With the entry of the SBEs into the business world, the market place becomes more interesting and competitive.

If we recognize them and empower them, SBEs can become very powerful players in the national and international economy.

Investors will invest in an SBE for a return much broader than his immediate gain in dollar and cents.

An SBE may pay back the investors capital out of the profit within a time period agreed upon by the investors.

Even after the capital amount is paid back, an SBE may give a nominal annual fixed dividend (say, 1% to 5%) to their investors as a recognition of their ownership and for keeping it as an active item in

of the PME's, overwhelmingly ignoring the common interest of people and the planet. In recent years an initiative is gaining momentum to bring the awareness among the PME's about their social responsibilities while keeping their profit maximizing objective intact.

With the economy expanding at an unforeseen speed, personal wealth reaching unimaginable heights, technological innovations making this speed faster and faster, globalization threatening to wipe out the weak economies and the poor people from the economic map, it is time to consider the case of SBEs more seriously than we ever did before.

Profit-making by SBEs will be perfectly legitimate. Only condition is that investors will not receive any dividends or receive only token dividends, if any at all.

Until social stock exchanges are created, existing stock exchanges may open a window to facilitate the trading of SBE stocks.

If we recognize them and empower them, SBEs can become very powerful players in the national and international economy. Today if we add up the assets of all the SBEs of the world, it would not add up to be even an ultra-thin slice of the global economy.

Each step may lead to the next level of achievement. Grameen Bank is a good example in this regard.

Second, we must make the SBEs and social business investors visible in the market place.

Along with the creation of the Social Stock Market we'll need to create rating agencies, appropriate impact assessment tools, indices to understand which social business enterprise is doing more and/or better than others.

Within business schools we can start producing social MBAs to meet the demand of the SBEs as well as preparing young people to become SBEs themselves.

Time is right to pay serious attention to the SBEs. People are getting more and more worried

about the appropriateness of the present conceptual framework and practice of capitalism in addressing the problems of ever-growing economic polarization within societies and between societies.

How to make a start -- One good way to get started would be to launch a design competition for social business enterprises.

Social Stock-Market -- Trading of SBE shares in the existing stock-exchange is possible.

Learning in steps, by doing -- Let us not expect that a social business enterprise will come up, from its very birth, with all the answers to a social problem.

money, each year, in loans averaging \$130, to six million borrowers, without collateral, and maintains a 99 per cent repayment record.

Besides Grameen Bank, we have created many other companies: renewable energy company (Grameen Shakti), Grameen Healthcare Services, Grameen Phone, Grameen Telecom, Grameen Agriculture, Grameen Fisheries & Livestock, Grameen Communications, etc.

How to facilitate SBE entry into the market -- What are the steps that we need to take to facilitate the SBEs to take up bigger and bigger chunks of market share?

First, we must recognize the SBEs in our conceptual framework. Students must learn that businesses are of two kinds: a) business to make money, and b) business to do good to others.

make. They can create a wider spectrum of choices by mixing above two basic choices in proportions just right for their own taste.

I started my work by giving small amounts of money to a few poor people without any collateral. Then I realized how good the people felt about it. I needed more money to expand the program.

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making serious contributions to the world by becoming SBEs.

Existing companies of all shapes and sizes may launch their own SBEs to try out the water.

International and bi-lateral donors may start creating "SBE Funds" in recipient country to support SBE initiatives.

Young entrepreneurs without inherited businesses may decide to start out their careers with SBEs, rather than PME's, because they look so cool.

We started out by assuming a world with two kinds of people, one kind wants to make money, the other kind wants to do good.

Prof Muhammad Yunus is the Founder of Grameen Bank. This piece was initially presented at the Skoll World Forum on Social Entrepreneurs, organized by the Said School of Business, Oxford University, March 2006.

Appendix -- Quotes from Grameen Danone Foods--A Social Business Enterprise, Joint Venture Agreements

Purpose: Mission: Reduce poverty by a unique proximity business

model which brings daily healthy nutrition to the poor. The JV (company) will be designed and operated as a social business enterprise and will aim at sharing the benefits with its community of stakeholders.

Specific objectives: Daily healthy nutrition to the poor: Allow lower income consumers of Bangladesh, to have access (in terms of affordability and availability) to a range of tasty and nutritious foods and beverages on a daily basis.

Production: involve local population via a low cost/ labor intensive manufacturing model: Downstream: contributing to the creation of jobs thanks to the distribution model.

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Educational growth and the death of learning

DR. NOUSHI RAHMAN

Educational growth in Bangladesh has happened through multiple channels. Several new government-funded universities have emerged throughout Bangladesh.

Along with the growth of public universities, private universities have mushroomed in major urban areas. While public and private universities are both hubs of higher education, they are indeed distinct entities.

Return-on-Investment -- We are all painfully aware that tuition and fees in some of the private universities are prohibitively high. Extremely high tuition and fees force parents to monetize their children's education.

learned materials is that we commodify the intellectual process and relegate philosophically grounded subjects to trade applications.

Taking-for-Granted -- At the polar extreme of the ROI mode of thinking exists an orientation that takes education for granted.

Utilitarian -- Conceptualizing higher education as a means to an end is yet another debasing way of viewing education.

Degree = Education -- Perhaps years of deterioration in public universities has also made many of our students and a large part of our society oblivious to the

true ethos of education. In both public and private universities, students take a certain number of courses following a specific combination to fulfill their degree requirements.

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Lessons from the case of the Afghan apostate

HASAN ZILLUR RAHIM

ISLAMIC pluralism 1, Religious dogmatism 0. That is how I greeted the news that Abdur Rahman has been spared execution and freed by an Afghan court.

Many Muslims have already pointed out the absurdity, illegality and immorality of apostasy-killing as the hapless Rahman's impending fate filtered out of Afghanistan.

Consider the issue of stoning to death (unmarried) people guilty of adultery. This too is attributed to a weak hadith that is exploited by misogynist clerics.

Worldwide outrage and a fledgling democracy's resolve under President Hamid Karzai to do the right thing forced the Afghan court to withdraw its threat of execution.

While Rahman's travails remind us that we still have ways to go beyond the interpretation of Islam is loosened from the grips of dogmatists, we can also take some satisfaction at the progress that has been made.

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to deepen their understanding of Islam and mobilize support for progressive and humane causes.

Many new avenues of thought are opening up. One example is the complex relationship between mosque and state in modern times, as opposed to the reflexive and traditional view that the two must be conflated in Islam.

Even in conservative societies, Muslims are beginning to realize that faith is a matter of personal responsibility and not a consequence of authoritarian decree.

Hasan Zillur Rahim is a freelance contributor of The Daily Star.