

A social business is a non-loss and non-dividend company where investors can recoup their dividend but nothing beyond that. All profits will be used to improve the products and services, and/or to increase the company's reach.

Another world order at play

Social business campaigners and experts from 15 countries joined Prof Muhammad Yunus in Dhaka on Tuesday to mark Social Business Day for the second time, sharing experiences of the fast-spreading movement and seeding the new economic idea among students and young entrepreneurs for solving some of the world's most pressing needs.

STAR BUSINESS REPORT

Thomas Stelzer is the assistant secretary-general of the United Nations for policy coordination and inter-agency affairs. He also works closely with UN Secretary General Ban Ki-moon on millennium development goals. In an exclusive interview with The Daily Star in Dhaka on Tuesday, Stelzer talked about what he learnt from the Social Business Day celebrations. He also focused on the challenges that lie ahead for achieving MDGs and how social business can complement other efforts in reaching the goals. Here is what he said.

Social business is one of the economic theories, which is achieving a breakthrough -- acceptability. People will invest in social business more and more -- with a clear purpose. People will know why they are investing in it, which is a departure from the usual way of investment.

In conventional investment, you have a shareholding value, returns and income, whereas in social busi-

ness you don't have all of that and you have to conceptualise why you are investing. In social business, the vital question will be about qualitative, not quantitative growth.

People do things they are satisfied with and invest for different reasons. For many, it is a game and sport and they always think how they can maximise the outcome of their investments. What is the reason for putting \$15-20 billion in your account?

But in social business, things change. A social business investor looks for satisfaction, but you draw your satisfaction differently, not by accumulating wealth, but by investing the energy of your life in a way that makes you feel good. It is an altruistic, socially-oriented understanding of how you can contribute to today's economy.

I think social business decisively contribute to advancing MDGs. Achieving MDGs through social business alone will be a bit narrow. But I am convinced that social busi-



Thomas Stelzer

ness very strongly influences the acceleration of implementation.

We at the United Nations look at what works. MDGs are at the core of our work. So we look into every possibility of implementing MDGs. Social business seems to be a good

option to complement many other efforts. This is how I look at it. So we are not in the business of choosing one over the other. Social business seems to work in this context.

Nobody is expected to sell his company and invest in social business. But I think it is very feasible to put part of their investment portfolio in social business for different reasons.

The conference in Bangladesh (on Social Business Day) had many participants from around the world, which shows there are a lot of interests in it.

But social business has not yet been mainstreamed in the United Nations thinking. I didn't really see it was mentioned that much. It is there, but it is not very deeply rooted. Good things take time as we say. In this context -- at Tuesday's social business event, we saw quite a lot of good examples that give evidence that social business works and can work. This is the message I am taking over from the event.



AMRAN HOSSAIN

Prof Muhammad Yunus, a pioneer of social business, visits a stall set up to mark Social Business Day at Sonargaon Hotel in Dhaka on Tuesday.

It's a need-based tool

MD FAZLUR RAHMAN

The world requires need-oriented technology to solve social problems, as the 21st century's technology-oriented development is too old, said a Japanese professor.

Masaharu Okada, executive director of Grameen Creative Lab at Kyushu University in Japan, said the thinking that technology would solve all problems is a bit old-fashioned.

"We need technology what our needs require," he told The Daily Star in an interview.

The Japanese professor was in Dhaka on Tuesday to attend the second Social Business Day programmes.

Grameen Creative Lab (GCL) at Kyushu University was established in March 2010 with the goal to carry out education, research, and incubation of social business in collaboration with Grameen, Japanese companies, NGOs, universities and governments.

GCL is committed to providing knowledge and facilitate social business dialogue between different entities in order to benefit society in a positive way.

He said Muhammad Yunus wants to utilise the technology of Japanese companies and their technical know-how for the benefit of the people.

He said: "The lab is an independent organisation where members of Grameen families would put forward problems or the things they need, while the Japanese companies will come up with technology."

"We will see which technology can solve what problem. Then we will start discussion for detailed information about what causes the problem. Through the discussion we will have a clear picture of the problem. Then we will come back to the technology and customised it so that it can really benefit the people."

Okada said there is a lot of enthusiasm in Japan about the concept of social business.

The social business concept aims to find the causes of problems, he added. It could be used to solve some of the deepest problems the world faces today.

The 58-year-old said: "In Japan, more than 30,000 people per year kill themselves. The number is much bigger than the death in traffic accidents in Japan."

"Why don't we create a social business to decrease the number of suicides?" he said. "We have also problems in areas of education, energy and food, which can be solved through social businesses."

Okada said major companies particularly the family-run businesses would be interested to set up social businesses. "Rich people like Bill Gates are trying to find out places to spend their money for welfare."

"I think setting up a social business will be a good thing to solve any problem," said Okada, who studied law at Tokyo University.



Masaharu Okada

A troubleshooter

"Now we only have one kind of business that only thinks about how much money can be made out of it. So, it does not work. We need to establish such a balance between normal business and social business, as a man and a woman can make children"

MD FAZLUR RAHMAN

Normal business and social business together can create an economic system that can solve any problem in the world, said a leading advocate of the new economic concept.

Hans Reitz, founder of Grameen Creative Lab, which promotes social business and the principles of Professor Muhammad Yunus, said the world needs two kinds of businesses. "We need normal business and social business. I do not say that social business can solve all problems in the world."

"But now we only have one kind of business that only thinks about how much money can be made out of it. So, it does not work. We need to establish such a balance between normal business and social business, as a man and a woman can make children," Reitz said.

The normal and social businesses can create an economic system that can solve any problem, he said. "For this we have to grow social business."

Reitz said although normal businesses only look for profit, those also give benefit. "If we invite other businesses to social business, in this particular aspect they will not look for profit. Then they can give us much more efficient base and capacity to invest in social business."

There are good sides to normal business and those can be transformed into social businesses, he told The Daily Star in an interview.

On Tuesday, Reitz was in Dhaka to attend the second Social Business Day organised by Yunus Centre, a hub of social business movement.

Reitz said the social business concept is going on around the world. "It is a very fresh idea. This will be a planet of seven billion people by November this year. We all have to think to shape our behaviour and social living together."

He said France, Germany and India have welcomed the idea of social business. "They have all liked the idea and are catching up."

The father of two said the young generation is particularly enthusiastic about setting up social business.

Reitz said the theory is so simple that people cannot believe it. "Social business is a very simple idea. This is all about changing mindset and people think that 'I can do business to make money and I can do business to take care of you'."



Hans Reitz

Around 45 countries have so far joined the social business movement since Nobel peace prize winner Prof Yunus floated the idea in 2006.

Reitz said the interested community in the world needs a platform to put creativity behind the world's most pressing needs. "So, we have created the lab to welcome people's creativity and transformative attitude."

He said focusing on India, a country of 1.2 billion people and the third largest economy in Asia, will be the next big thing for social business.

Reitz spent seven years in Southern India and led a simple life. He succeeded in businesses back in Germany and worked in corporate culture for many companies. But still he needs the best inspiration from the world.

"I looked around looking for that inspiration. I have talked to different personalities. Luckily, I met Prof Yunus. He is a genius of our time."

Reitz said social business can be an important part in meeting the challenge that lies ahead to give the seven billion people a better future.

Reitz said Bangladesh is home to social business and a big inspiration, but the irritation of local authorities makes a big disturbance. "The German development minister has recently visited the country. He seemed to be very wary of the situation going on."

"At the moment, we do not understand what is going on. We have no clues why all these happened. The irritation between the local authority and Prof Yunus and Grameen family is something that we do not understand," he said, referring to Yunus's removal from Grameen Bank.

Reitz said he does not believe that the saga surrounding Grameen Bank and Prof Yunus would impact the social business movement. "Rather, it will impact Bangladesh and a lot of people who want to do social business."

There are many companies who wanted to invest millions of dollars in Bangladesh. Now they will not do that. They will go to India, Pakistan and Vietnam or African countries.

"Bangladesh has missed an enormous opportunity to forge a new relationship with the international community," said Reitz, who in collaboration with Prof Yunus, founded the Grameen Creative Lab in Wiesbaden in 2008.

Bridging the divide

MD FAZLUR RAHMAN

The social business concept has been developed to fill up the vacuum created by the private sector and corporate houses that are reluctant to serve the poor, said Mahabub Hossain, executive director of BRAC.

He said the concept comes from the failure of free market. "The poor want a number of services. But our private sector and corporate houses do not step in to provide the services for various reasons."

"They think the size of the market is small and will not be able to make a huge profit. Or they think doing business with the class is risky. Besides, they also think they will not be able to charge higher prices."

"So, there is a vacuum in these areas. The social business concept has filled up the vacuum."

Hossain said the main goal will be social objectives, not private ones. There are problems such as malnutrition, unemployment, inadequate water supply, arsenic and maternal mortality, he added.

"We have to think whether we can mobilise capital and investment in view of these problems. Its main focus will not be making profit. Definitely, it will recoup cost so that the investors can expand the business."

"Here the profit will be reinvested to expand the capacity of the business. That is what the social business concept is all about. It will give birth to new ideas," he told The Daily Star on the sidelines of the second Social Business Day on Tuesday.

He said the private sector has a tendency to make investment after being convinced that it will give maximum profit. "We have to come out of this mentality and try to woo some private businesses and philanthropists to give services to the poor and solve some social problems."

Hossain said, although the social business concept will not allow investors to make profit, people will still come and set up such ventures to help people in need. He said development agencies such as Grameen and BRAC have already initiated some projects. "Even microfinance itself is a social business. We have seen the movement is gaining momentum around the world."

"We have successfully spread the microcredit concept around the world since 1976. Similarly, the social business concept will spread across the world in the next 20 to 30 years to solve the problems the underprivileged class faces," he said.

As a result, reputation of Bangladesh will go up further, said the internationally renowned development economist.



Mahabub Hossain