

# 'WE ARE NOT JOB-SEEKERS, WE ARE JOB-GIVERS'

## Turning unemployment into entrepreneurship

MUHAMMAD YUNUS

Grameen Bank started out with a tiny initiative in the village of Jobra in 1976. In 1983 it became a formal bank. Now in 2014 it has over 8.5 million borrowers. Right from the beginning we paid attention to two things: (1) Borrowers build the habit of savings by putting money every week in a savings account. We encouraged them never to give up this habit; (2) Borrowers should send their children to school. We paid highest attention to the second generation in the families of borrowers.

At the very start of Grameen Bank we encouraged our borrowers to use their Centre House, a hut under which borrowers assemble to hold their weekly centre meeting, as a place of learning for their children. They hire a local girl or woman paying small salary (usually Tk. 500 or \$ 6.5) to teach their pre-school kids every day. Families had no experience of schools. They could not tell their children what to expect in school. This new learning and fun centre acted as a soft introduction to the kids to get used to reading and writing, and also have fun being together every day, as a way to overcome the fear of school.

We included the commitment of sending every child to school in the basic charter of pledges of the borrowers, famously known as "Sixteen Decisions," chanted by all Grameen Bank borrowers collectively, in every weekly meeting week after week, year after year. We launched a campaign to make sure that 100% of the children of Grameen families go to school. This was quite a daring task when most children of poor families did not go to school. Grameen Bank gave scholarships to thousands of students each year to encourage them to continue in school and compete for better performance. Our campaign worked. We succeeded in making all children go to school. When they finished primary school we encouraged them to go to high school. Most of them did. When they finished high school we encouraged them to go to colleges. But that created a problem. Going to college needed money. We came up with a solution. Grameen Bank introduced education loan to make sure they moved to higher education.

### Nobin Udyokta

Since then thousands of students have taken education loan to become graduates, doctors, engineers and professional people. But for most of them there were no jobs. They were very frustrated. At this point we launched another campaign. We started campaigning to redirect their mind from traditional path of hunting for jobs to creating jobs for themselves and others, through entrepreneurship. We invited them to keep repeating to themselves that "we are not job-seekers, we are job-givers." We tried to inspire them to create businesses, with Grameen Bank loans, instead of hunting for jobs. We called those who chose that path and took loans from Grameen Bank, as Nobin Udyokta (NU), or "New Entrepreneurs."

NU programme did not pick up any speed because parents were reluctant to let their sons or daughters take more loans while they still had the unpaid education loans. Moreover, bank staff were very slow in giving them fresh loans because they still had outstanding loans to clear.

### Design lab

As the idea of social businesses was catching up by 2013, through various conferences, writings and interviews, I felt we needed a platform where we could bring the entrepreneurs to present their social business designs in front of a group of experienced business executives and social activists, to seek their advice. This would do two things, it would encourage people to come up with social business ideas, and develop this platform as a sounding board for getting the concept of social business more business-ready through its application in concrete situations. Yunus Centre organised the first Design Lab in January, 2013. It went very well. Encouraged by its success we decided to do it every month.

As the Design Lab continued to attract new business plans we thought about inviting the

business plans from NUs of Grameen Bank to link them up with social business investors who would invest in their businesses. It started in slow motion, but within six months it picked up speed. By end April, 2014, 68 NUs presented their business plans in the design labs. My expectation is, by the end of 2014, at least a total of 200 NU business plans will be approved for investment. I think this number will easily double itself each year. Once the implementation structure is built, speed of expansion will pick up easily.

### From loans to equity

Impact of this shift from loans to equity to create social businesses is far reaching. This has a possibility of addressing the issue of global problem of youth unemployment, or any unemployment for that matter, in a sustainable and a replicable way. It is simple, but very effective. It has moved the issue from traditional prescription of job creation through promoting profit-maximising investments or investments in large infrastructure projects by governments, to simple, sustainable, and direct micro equity financing of the business of the unemployed person himself within a social business format. Here the action directly aims at the very person whose problem is to be solved. It is not an uncertain by-product of an enterprise intended for profit maximisation.

In a social business the investor solves a problem by creating a business. In this NU case the investor solves the problem of youth unemployment (needless to say, the method can be used in any type of unemployment situation - whether the young, or the old). An investor, in a social business, does not take any profit from his investment, except for getting his investment money back. The NU is responsible for paying back whatever money he received as equity within an agreed period. This offers an exciting opportunity for any entrepreneur. Imagine what a thrill it is for a young entrepreneur entering the business world for the first time.

### Relationship between investor and NU

The entrepreneur may have some or no shares in his business. He can be the managing partner or a paid manager of the business owned by the investor. The investor will be monitoring the performance of the manager/managing partner, but will not get involved in the actual running of the business. As the business makes profit, the investor receives his dividend. When he has received enough dividends to equal the amount of equity he has invested, he stops taking further dividend. It is time for him to move on to the next investment with the money he got back. But his objective will not be achieved until he establishes the entrepreneur as the owner, because his intention was to transform a job-seeker into a job-giver. This was his objective. If his intention had been merely to create job for a young unemployed person, his objective would have been achieved right at the start. Even if he holds on to ownership of the business, the business would already be a successful social business. But his objective was bigger than just providing employment; it was to transform a job-seeker into a job-giver, which is, creating an entrepreneur. This he does by selling the shares to the entrepreneur following social business guidelines.

A question arises, what price would he charge the entrepreneur for his shares? He is entitled to sell them at the book value, or at the market value of the shares. Both these values are higher than the face value because the business has already paid back the original investment amount. According to social business guidelines, the investor can sell his shares at the market value, but he has to reinvest the additional money he receives beyond the face value into another social business, or in the same social business. In other words, he cannot enjoy additional value created by his investment. In our NU programme, we made an easy rule. In selling the shares of an NU business, the investor will take an amount equivalent to the original investment amount plus additional fixed sum of 20% over it. We call the additional amount a "share transfer fee." The entrepreneur finds it a very attractive offer, because, firstly he is buying



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the shares at the face value, not at the book value. That itself is a big gain for him. Secondly, fixed charge of 20% on the original equity over the entire payback period is a rather modest amount to pay to the own shares. For example, if the entrepreneur is paying back the investment amount of Tk. 1 million he will have to pay back a total fixed amount of Tk. 1.2 million irrespective of how many years it takes to pay back the money. Instead, if he had borrowed the money from a bank his interest burden would grow each day, making the total repayment burden twice or thrice the original loan amount in a few years.

What would be the justification for charging the "share transfer fee" in the NU programme? We point out two reasons: one, in social business shares are transferred at market value. In NU programme the entrepreneur is asked to pay the amount equivalent to face value, which would be much smaller than the market value in a successful business. Two, the investor in the case of NU programme is not a passive investor. He is a very active investor. He prepares the entrepreneur to become an efficient entrepreneur, arranging training for him, providing guidance, monitoring his business performance, providing support services, bearing the business risk, helping him handle emergencies, etc. Fixed amount of 20% is only a small fee for covering all these services over a period of several years.

By September, 2013, we had got some experience in handling the NU programme. During this period, we developed basic methodology, reporting formats, identification and assessment procedures, etc. Initially, Grameen Telecom Trust was the investor. They brought the NU projects to the Design Lab for getting critical assessment from a group of experienced professionals. Usually, there are around 150 people participating in a Design Lab. It is live streamed through the internet. Participants from 70 to 80 countries attend the session in live stream. Participants ask questions, make suggestions to the investor to improve the project, or raise issues which they thought had been missed out in the project preparation.

By now, one year later, methodology has been made sharper. More Grameen companies (Grameen Telecom Trust, Grameen Kalyan, Grameen Trust, Grameen Bybosha Bikash, Grameen Shakti) have initiated their own NU

programmes. Common facilities, like computerised MIS, accounting software, and common training facilities, are being developed. Innovations are added by each Grameen company to make the programme more effective. A rigorous implementation structure is emerging to make sure NUs get thorough orientation, training in business management, accounting, reporting, and have access to support services.

### Identification And implementation

The whole process begins with the identification of a potential NU. The implementation structure of the investor, which has village level staff to work with the entrepreneurs, is responsible for identification of the potential entrepreneurs, helps them develop their business plans, and prepares the NUs to make presentation of their plans to the participants of the Design Lab.

The whole process starts with the home visit of the potential entrepreneur, and getting to know him and his family fully, finding out his dreams and fears, and trying to build confidence in him. Informal discussion in small groups of 4 or 5 takes place to let them get to know each other. Once a sizable number (say 30 to 50) of young men or women have been contacted the village staff will organise an orientation and identification camp in a village. Experienced camp leaders will attend the camp to carry out the identification and confidence building process. Participants learn the rules and procedures of NU programme, ask questions to get a clear picture of the programme. They assess each other's business plans, and the strength of their business will. Camp leaders give them business games to play and test their problem solving ability.

At the end of an intensive get-to-know-your-entrepreneur exercise, camp leaders make a short list of the participants who have impressed them as entrepreneurs likely to succeed, in the first round of selection. The rest are assured that they will be invited to the next camp. In the meantime, they can prepare themselves to present a better performance next time.

The short-listed candidates then go through a second round of project development exercises, in another convenient location, at a later date. Entrepreneurs selected in this round are invited to Dhaka where they'll give final shape to their business plans and give them a professional appearance with the help of trained staff of the investors. Project summaries are prepared in English for a five minute presentation at the Design Lab where the entrepreneur has to defend his project. Usually, after all this long process of preparation, the Design Lab does not find any ground to reject any project. Participants give some good advice and flag some issues to help better implementation. In rare cases an entrepreneur is asked to modify his plan to make further improvement and present it to the next Lab.

Once the project is approved, handholding process for implementation begins. Investor and the entrepreneur now go through a process of bonding together for a successful journey ahead. All regulatory issues are thrashed out, necessary documentation is completed. Monitoring and accounting training are completed. D-Day comes! Funds are released. Business starts rolling.

Grameen Communication, a Grameen software company, has developed an accounting and monitoring software to collect MIS and accounting information from every NU business on a daily, weekly, and monthly basis. Daily figures are sent via text messages. All information accumulates at the central server, which produces reports for each investor on daily, weekly, monthly or for any other period as the investor would like to have.

### Social Business Village

Next step in NU programme is to deepen it by giving it an institutional structure and vision. This is done by creating Social Business Villages (SBV). To make it an autonomous and economically viable entity, we take a union (lowest local government unit) covering a cluster of about 20 villages, as the "greater village." This village unit is developed as a SBV. Each SBV will have a Social Business Fund (SBF) and a Social Business Incubation Company (SBIC). Incubation

company will promote the idea of social business, help develop business plans, bring successful social businesses from outside to replicate, create joint ventures with companies from outside the village, network with other SBVs, invite non-resident villagers who are engaged in professional activities outside the village, or the country, to help build up the SBF and invest in social businesses in their own villages. Bangladeshi people have a very strong emotional attachment to their own villages. No matter how long they are away, how far they are away, from their villages, they still feel a strong bond with village. SBV programme may reconnect them to their villages in meaningful ways.

A SBV will qualify to call itself as such only after it is formally recognised at the annual Social Business Day celebration, which is held regularly on June 28 every year. Minimum qualification requirement for applying for this recognition is to create at least 25 NU projects and 5 other types of social business successfully.

We are inviting individuals, foundations, and businesses to contact us if they are interested in creating their own SBVs. We can help them set up appropriate structures to do that, like SBF, and Incubation Company. We offer our services to manage the Fund and the company under management contracts. Grameen Telecom Trust will select three unions among those that will contact us, to provide matching funds. For these three unions, Grameen Telecom Trust will invest an amount of money equal to whatever amount the union can mobilise on its own. In these cases, both the SBF and the Incubation Company will be managed by Grameen Telecom Trust.

This will be an interesting experience of joint venture between Grameen Telecom Trust and the unions in creating SBVs.

### Franchising

Franchising social businesses will also be good way to spread it. For example, an initiative is underway to franchise an existing social business of producing sanitary napkins in small factories in diverse locations. Each replication will need an investment of Tk. 10 lakh (\$ 13,000), employing five people. Equipments for this factory are easy to build, install, and operate. Each SBV can have one or more of these factories as social businesses. Each factory can be owned individually or collectively by women who work in the factory. They can earn additional income by selling their own products to their neighbours.

### New solution for an age-old problem

When I was promoting credit for the poor women in the early years of Grameen Bank, many experts around the world insisted that credit may work for only very limited number of entrepreneurial poor people. Entrepreneurship is a rare quality in people. It is rarer in poor people, they claimed. To counter that, I came out with a reverse position. The position I took was -- all human beings are entrepreneurs, with no exception. Not only did I promote that position, I became a firm believer in it. Microcredit was born out of this firm belief. The current NU programme has its roots in the same firm belief.

Social Business may bring a fail-proof new solution for an age-old old problem, i.e. the problem of unemployment. It has application everywhere -- poor countries, rich countries, urban areas, rural areas, tribal areas, isolated areas, anywhere. It does not have to be restricted to any particular group. The young, the old, men, women, the literate, the illiterate, all are good candidates for becoming entrepreneurs. All human beings have their basic creative power. That, backed up by social business framework, is all it needs for the success of turning unemployed into entrepreneurs.

Not only would this save people from extreme frustration and the depression of being unemployed, it would also give them a new life, new hope and new mode of enjoyment. Everyone would become an active and productive citizen. In the process it would create a new economy. There would be no wastage of human creativity. It would save people from state dependency.

As the first step in this process we may begin by getting busy with turning unemployment into entrepreneurship in social business villages to solve the human problems with efforts of their

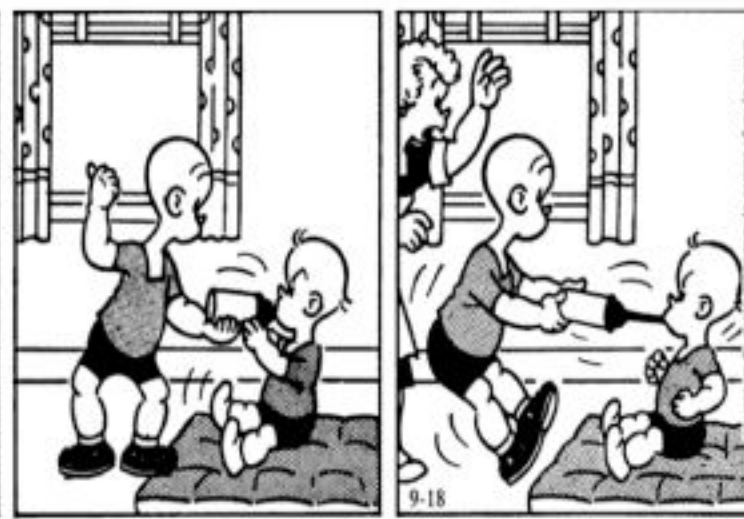
## BEETLE BAILEY

by Mort Walker



## HENRY

by Don Trachte



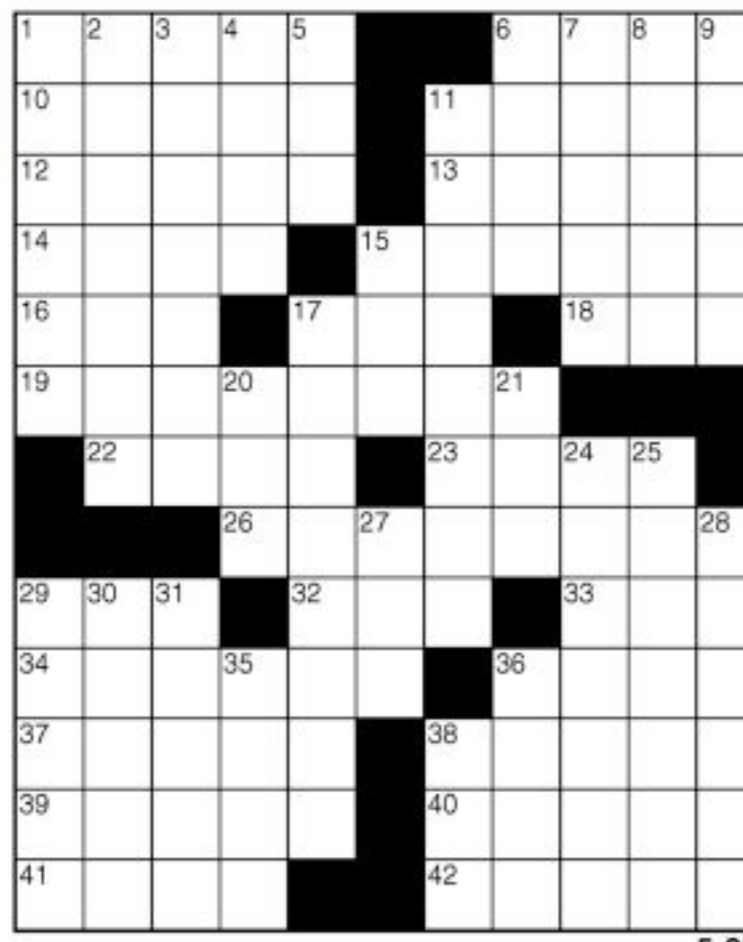
## CROSSWORD by Thomas Joseph

### ACROSS

- Moved the raft
- Enthralled
- Throat dangler
- Book's page number
- Bottle parts
- Like monsoon season
- Pupil surrounder
- Chide
- Sauna site
- Supporter's vote
- Lawn material
- Dog show participants
- Tooth part
- Corn Belt state
- Rigid contact
- Bodily pouch
- Lobster eggs
- Nabokov novel
- Hope's frequent co-star
- Lingerie items
- Famed lover
- Planet circles
- Friendship
- Keen
- Flying speed word
- Out of style

### Down

- Ground, say
- Like a duffer, usually
- Colleague of Jose and Placido
- Antlered animals
- "Kapital"
- Lion sound
- Fake name
- Spotted horse
- Trifled
- Deadbeat's hope
- Tourney pass
- Priest's helper
- Homer's cry
- Costa del --
- Exhaust
- Moderately slow
- Singer Orbison
- Was pert with
- "Get lost!"
- Kitchen come-on
- Humorous
- Son of Adam
- Lauderdale neighbor
- Bonkers



### CRYPTOQUOTE

WVUB OVQRR AUW PN Q YKNYNWQWUWK,  
WVUB OVQRR AUW PN Q GJFWJC, QAX WVUB  
OVQRRANGNK, PBWANGNK, PN Q PEOWQAXNK.  
-- ENVBOXQ PQBNK

### Previous day's CRYPTOQUOTE:

THE FINEST LANGUAGE IS MOSTLY MADE UP OF SIMPLE UNIMPOSING WORDS.

-- GEORGE ELIOT

## Previous day's answer

C	O	M	B	S	B	A	B	A	R
A	P	O	L	O	A	D	A	G	E
S	A	L	T	M	A	R	S	H	E
E	R	A	E	B	B	A	S	I	
S	T	R	I	D	E	S	M	A	D
		V	A	T	S	A	G	E	
E	S	S	A	Y	P	E	S	O	S
S	P	I	N	T	E	E			
C	A	T	C	H	E	D	D	A	R
A	R	S	E	A	R	A	B	E	
P	E	P	P	E	R	S	P	R	A
E	M	A	I	L	A	R	I	S	E
S	E	T	T	O	T	O	N	E	S

### A XYDLBAAXR IS LONGFELLOW

One letter stands for another. In this sample, A is used for the three L's, X for the two O's, etc. Single letters, apostrophes, the length and formation of the words are all hints. Each day the code letters are different.

## 12<sup>th</sup> Death Anniversary



We pray for Marhum M. Masihur Rahman on his 12<sup>th</sup> death anniversary today, the 10<sup>th</sup> June 2014. Marhum Masihur Rahman was the Founder Life Member of the North South University (NSU) Foundation, which established NSU and, later, constituted the NSU Trust, which runs NSU now. He was also the Founder Life Member of the Board of Governors, NSU Foundation and Member of the then Parichalona Porshod, NSU.

He was a successful industrialist, promising banker and enthusiastic philanthropist who breathed his last on 10<sup>th</sup> June 2002.

May Allah bless his departed soul and give the members of his family the strength to keep on bearing the loss.



Members of  
North South University Foundation  
North South University Trust  
North South University