Social business for a sustainable world

Parveen Mahmud

TODAY'S world is looking forward to building new ways towards a common destination for the next 15 years: Sustainable Development Goals (SDGs), leaving no one behind. Millennium Development Goals were an attempt to define an immediate destination over a short period. That was a good beginning. Social business can be one of the new highway signs to lead the world to its sustainable destination: safer, equitable and better world. To achieve our mission on this planet to make it a better place for everyone, microcredit pioneer Prof Muhammad Yunus identifies credit and equity disparity as the most powerful cause of income disparity for an equitable world. He emphasises initiatives for zero poverty, zero unemployment and zero carbon emission, and expansion of social business to meet this "three zero" goals and the post-2015 development agenda, based on four pillars: young people, technology, social business and good governance.

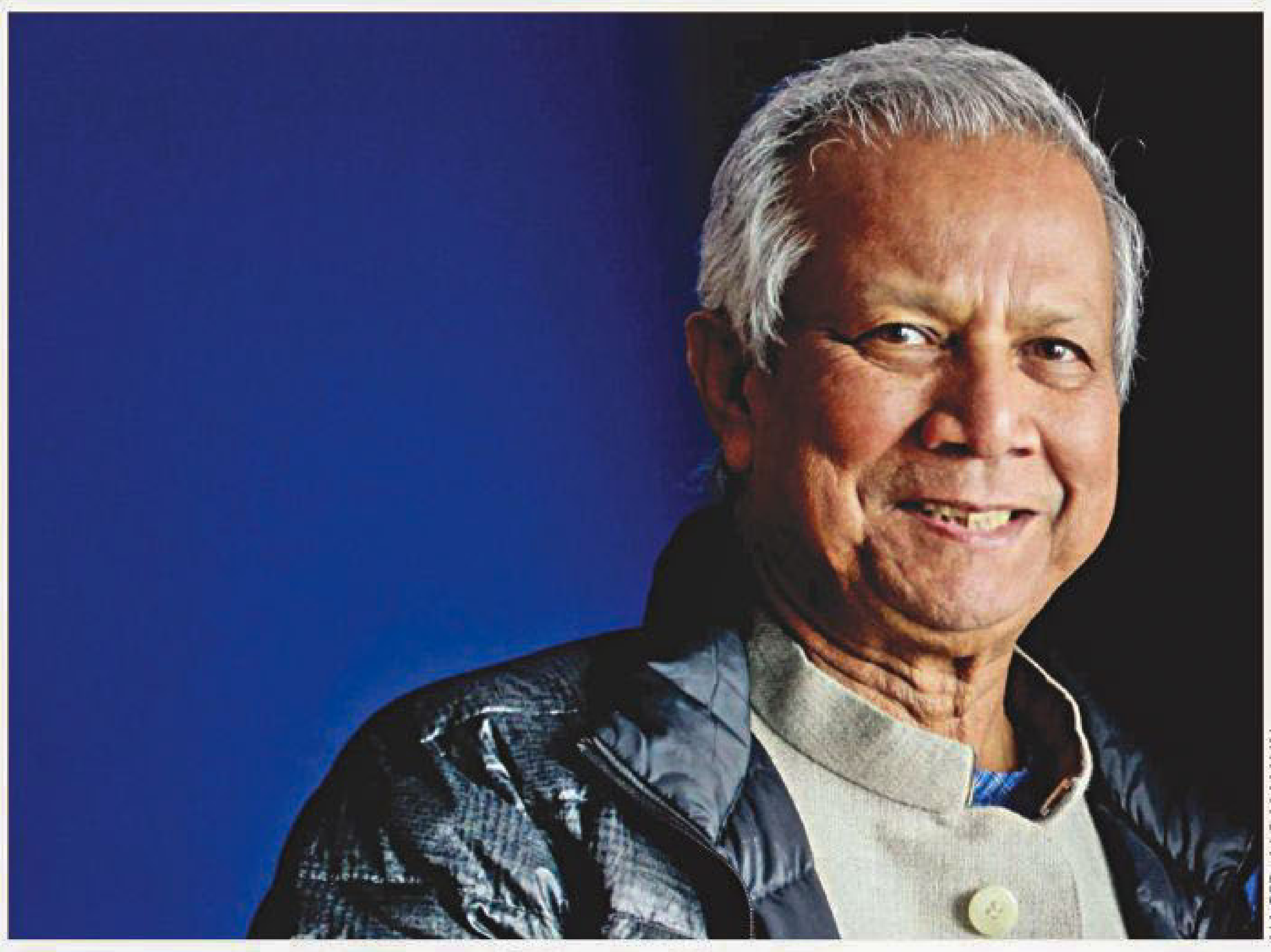
We will have to create new financial institutions if we are worried about income disparity and poverty. Social business can be the answer to the most pressing challenges.

According to Prof Yunus, "social business is selfless business to solve social problems" based on seven principles.

A social business has investors and owners. It is a cause-driven business where the investors/owners can gradually recoup the money invested, but cannot take any dividends beyond the invested amount. The social business must cover all costs and make profit, while at the same time achieving a social objective.

One can start in a small way. The power of social business is imbedded in the idea that private enterprises be driven by a social mission of changing lives for the better in a financially sustainable way rather than by private financial gain.

Financing social business can involve philanthropists, charity, corporate social responsibility (CSR), private investors, companies, foundations, NGOs and even city corporations, local governments and governments. Charities work for social development and welfare and do not have a profit making objective. Hence they are highly dependent on aid and external



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Muhammad Yunus

sources for survival and often do not generate sufficient fund to sustain their operations.

According to Prof Yunus, "A dollar in charity has one life; a dollar in social business can be invested over and over again." But, yet charity is needed to address some categories of vulnerable issues, like people who suffer from extreme physical or mental disabilities, as well as the very old and the very young, because it is virtually impossible for them to support themselves.

CSR and social businesses can be linked, as a source of funding for creating and promoting self-less business ventures like social business.

Social business is a new category of business. It does not stipulate the end of the familiar profit-maximising business model. Rather, it widens the market by giving a new option to consumers, employees and entrepreneurs. Both the business models -- profit-making business and selfless business -- will coexist. The same person can be engaged in both kinds of business.

The meeting between Franck Riboud, chairman and chief executive officer of Groupe Danone, and Prof Yunus in October 2005 made way for the creation of a social business called Grameen Danone Foods Ltd in Bangladesh, the world's very first consciously designed multinational social business to promote nutrition for kids at an affordable price.

Grameen Green Children Eye Care Hospital is another good example. Tom and Milla, members of the music group Green Children, became so enthralled by the idea of social business that Milla contributed to the full cost of the first eye care hospital under Grameen Healthcare Services Ltd using funds from her own Green Children Foundation. Veolia, Intel, BASF, SK Dream and Uniqlo -- all these multinational corporations have their own stories to tell about Grameen social business.

Local companies such as Grameen Distribution Ltd and Grameen Fabrics and Fashions Ltd have also come a long way in addressing the need for affordable products for the poor by establishing a country-wide distribution and marketing network. Grameen has started touching the lives of the next generation of entrepreneurs and professionals through Grameen Caledonian College of Nursing, Japan Auto Mechanic Ltd, and students studying with Grameen Shikkha scholarships, Nobin Udoykta Program and building seeds under Social Business Learning and Innovation Fund.

Grameen Telecom Trust (GTT) is helping germination and build social business infrastructure in Bangladesh. The key operations are its investments in Grameen Danone Foods Ltd, Grameen Health Care Services Ltd, Grameen Distribution Ltd, Grameen Fabrics and Fashion Ltd and Grameen Poshra.

GTT has also pioneered Social Business Learning and Innovation Fund to encourage social business innovations partnering with NGOs and individual entrepreneurs. Successful and tested models can gradually be scaled up and replicated. GTT is also implementing Nobin Udyokta Program, an innovative scheme based on the theme "We should not be jobseekers, we should be job givers". GTT's target groups include poor women, female students, physically challenged people, indigenous and marginalised communities. Nobin Udyokta is a new frontier of social business, for solving the problem of youth unemployment. Prof Yunus introduced this concept and implementation started in 2013.

The lesson that has been learnt from the operation of Nobin Udyokta Program with the children of Grameen Bank families in Bangladesh can be applied for other children in Bangladesh and elsewhere to turn the problem of unemployment into entrepreneurship following the same principles and using the same methodology.

Innovations and replications are going on in more than 30 countries and also social business learning centres are in operations in the universities in Bangladesh and abroad. Government-sponsored social business activities are going on in Haiti, Albania and Malaysia. Local governments and city corporations are involved in creating social business cities in Germany, Italy and so on.

Prof Yunus, who was born on June 28, 1940, always inspires people, especially the youth, to create a meaningful life by using their latent talents.

On his birthday, let us hope social business will inspire all to make positive changes for a sustainable world.

The writer is the managing director of Grameen Telecom Trust.

Japan inflation tepid, spending up in May

AFP, *Tokyo*

Japanese inflation remained tepid while spending rose after 13 months of falls, official data showed Friday, with analysts predicting more easing ahead as the central bank tries again to build up a head of steam.

Core inflation, excluding volatile fresh food prices, was up 0.1 percent year-on-year, beating market expectations for zero growth but coming still well short of the Bank of Japan's 2.0 percent target.

Lower fuel prices and other energy costs helped curb inflation, data from the internal affairs ministry showed.

Separate data from the internal affairs ministry showed household spending rose 4.8 percent on-year in May, posting the first rise since Japan hiked sales taxes in April last year to help pay down a huge national debt.

But spending has not yet recovered to the pre-hike level and analysts were sticking to the view that the Bank of Japan will almost certainly be forced to expand its monetary easing scheme to jack up prices and counter a downturn in the economy.

The good news is that the jobs market is improving.

While the jobless rate was unchanged at an 18-year low of 3.3 percent in May, the labour ministry said the ratio of job offers to job seekers rose to a 23-year high of 1.19, meaning there were 119 offers to every 100 applicants and suggesting even lower jobless rate in coming months.

"Unfortunately, though, there are scant signs that the tighter labour market has resulted in stronger price pressure," said Marcel Thieliant, economist at Capital Economics.

"The big picture remains that there is still substantial spare capacity in the economy which is dragging down prices," he said in a note.

Economists at SMBC Nikko Securities noted more and more housewives and senior people were joining the workforce.

"We should give heed to the fact that increasing labour supply is easing the tightening of the labour market and curbing wages," they said in a note.

"The BoJ's scenario of higher wages leading to home-made inflation is unlikely to happen," they said.

SMBC Nikko expected Japan's core consumer prices to fall as much as 0.8 percent on-year by October due to drops in energy prices.

Sustained inflation is a cornerstone of Prime Minister Shinzo Abe's drive to turn around an economy that has been drifting for much of the last two decades.

STAR

Women visit an SME trade fair at Midas Centre in Dhaka yesterday. Midas organised the event with financial assistance from the High Commission of Pakistan, where women entrepreneurs showcased products, ranging from clothes to handicrafts.

AirAsia India halts business expansion plans

Reuters, *New Delhi*

AirAsia India has halted its expansion plans after just a year in business as it waits for a government decision on whether to change a protectionist measure regulating overseas flights, the budget carrier's chief executive said.

The airline, part-owned by Malaysia's AirAsia Bhd, has carved out a 1 percent share of a market enjoying double-digit annual growth in passenger numbers. But it has been losing money because of high operating costs and frequent price wars with rivals such as IndiGo Airlines.

The carrier planned to bring in a plane a month from March to build a fleet of at least 10 jets by the end of the year. That would allow it to ply dozens of less-competitive routes to small Indian cities, before starting flights overseas that connect passengers with AirAsia's networks across Asia.

The airline now has five short to mid-range Airbus Group SE A320 jets but will not lease any more until the government decides whether to retain or reform its so-called 5/20 rule, Mittu Chandilya said in an interview this week.

"We've said let's have a wait and see approach," he said.

The rule requires a carrier to be 5 years old with a fleet of 20 planes before it can fly abroad. It is unique to India and was aimed at growing the nascent domestic aviation industry.

"There were promises about getting some clarity on that before we launched," said Chandilya "I haven't seen anything from this government that is about open skies and free markets."

The civil aviation ministry declined to comment. Earlier this year, the ministry said it was considering scrapping the rule to help airports become international travel hubs. Instead, it proposed a system of credits that airlines would earn on domestic routes and "spend" on foreign ones.

AirAsia India plans to lease a further three A320s at the end of the year, but "that could change" if it was still not clear on when the airline could fly abroad, Chandilya said.

In the meantime, the airline would stick with its strategy of flying to India's "tier two" cities and invest more in marketing, Chandilya said.

The comments come as parent CEO Tony Fernandes this week told staff he would spend more time working on AirAsia after a securities researcher questioned the parent's accounting practices, sending its share price tumbling.

Chandilya said the accounting issue had not had an impact on the growth plans of AirAsia India, whose other stakeholders are Tata Group Inc and investment firm Telestra Tradeplace.

Greek PM calls referendum on bailout for July 5

AFP, *Athens*

GREECE will hold a referendum on July 5 on the outcome of negotiations with its international creditors taking place in Brussels on Saturday, Prime Minister Alexis Tsipras announced.

"The people must decide free of any blackmail... the referendum will take place on July 5," Tsipras said in a televised address to the nation.

Tsipras spoke ahead of a critical meeting of eurozone finance ministers in Brussels on Saturday, amid heightened anxiety over a possible Greek default next Tuesday that could potentially spark its exit from the euro, and even from the European Union.

Greece rejected its international creditors' offer of a five-month, 12-billion-euro ($13.4-billion) extension of its bailout programme on Friday, arguing it was unacceptable.

"For the last six months, the Greek government has led the fight... to find a viable agreement that respects democracy," Tsipras said in his address broadcast on Greek television.

"We were asked to implement austerity measures... allowing the deregulation of the labour market, pension cuts, and an increase in VAT on food products, targeting the humiliation of an entire people," the premier said.

"This is a historic responsibility that now appears for us to decide the future of the country... in the coming days we will have to take decisions upon which future generations will depend."

Tsipras, speaking from the prime minister's residence in Athens, spoke for about five minutes directly to camera.

"Democracy deserved a boost in euro-related matters," Greek Finance Minister Yanis Varoufakis tweeted following the referendum declaration. "We just delivered it. Let the people decide."

The creditors -- the European Commission, the European Central Bank and the International Monetary Fund -- insist Greece must seal a deal this weekend to avoid an IMF default early next week.

AFP

People stand in a queue to use ATM machines at a bank in Athens yesterday. Greece will hold a referendum on July 5 on the outcome of negotiations with its international creditors taking place in Brussels.

However the Greek government argued the reforms demanded alongside the bailout extension would be "recessionary" and the funding "inadequate".

In response to the referendum announcement, a eurozone official in Brussels told AFP that the Eurogroup talks would still go ahead.

Questioned if eurozone ministers would discuss the current proposal, or a plan B if Greece has rejected the offer, the official replied: "That we will see. A number of countries want to debate plan B."

Varoufakis said earlier Greece had a "duty" to reach agreement with its international creditors on Saturday.

German Chancellor Angela Merkel urged Athens on Friday not to waste an "extraordinarily generous" offer.

But even before his government rejected the proposal, Tsipras said he would refuse any take-it-or-leave-it offers, after a two-day EU leaders' summit dominated by the crisis.

The eleventh-hour creditors' move followed a week-long series of talks to end the stand-off between the creditors and Tsipras's leftist government, which has baulked at further reforms-for-cash after five years of harsh austerity measures and six years of recession.

Creditors are ready to quickly disburse 1.8 billion euros in financial aid to help Athens meet a 1.5 billion euro IMF debt repayment due next Tuesday, on June 30, as long as the Greek parliament approves disputed reforms, according to the proposals seen by AFP.

Tsipras told Merkel and French President Francois Hollande on Friday that he could not understand the creditors' "harsh" stance and asked for leeway.

But the eurozone's two most powerful leaders insisted that it was "vital now to work towards a deal", a source said.

Under the proposal, an immediate 1.8-billion-euro disbursement -- profits from Greek bonds held by the European Central Bank -- would be paid "as soon as the Greek parliament has approved with a resolution the agreement with the (creditor) institutions and adopted a first set of legislative actions".

Later payments, including money to cover huge payments owed to the ECB this summer, would come from the EU's firefighting rescue fund, the European Stability Mechanism, as well as cash currently dedicated to support Greece's banks.

Greece also wants debt cut as part of a solution to the five months of bitter negotiations over the unlocking of the final 7.2 billion euro ($8.1 billion) payout from its current extension, which expires on June 30.

An extension to Greece's massive 240-billion-euro bailout to the end of November would be the third since December and allow more time for heavily indebted Athens to negotiate future financing from its European partners.