

Muhammad

2013 – SECOND VISIT TO POLAND



SOCIAL
ENTREPRENEURSHIP
– SOLIDARITY
FOR THE 21ST CENTURY

YUNUS Muhammad



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If we were to view each person as a potential entrepreneur, we could create an economic system allowing each to use his abilities. In the not too distant future no one will question whether people deserve credit, but rather if banks deserve people. [...]

The poor taught me an entirely new economics.

Muhammad Yunus [creator of microcredits and the concept of the social enterprise, social innovator, advisor to the UN Secretary-General and the European Commission]

Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Microcredit is one such means. Development from below also serves to advance democracy and human rights.

[The Nobel Committee in its statement on awarding the Nobel Peace Prize to Grameen Bank and to its creator, Muhammad Yunus, Oslo 2006]

The Banker of the Poor

According to Muhammad Yunus, the free-market economy as we know it today has failed, because it is based on a flawed principle: the more you have, the more you get. The Nobel Peace Prize laureate proposes that the West adopt the model of economic development that has emerged in Southern Asia. In the 1970s, at one of the universities of Bangladesh, Prof. Yunus lectured on classic economic theories. These theories did not correspond to the life and needs of local inhabitants, and especially not that of the poor but highly enterprising women who had neither money nor any assets to use as collateral to obtain bank loans which they needed to start their own business.

A trial system of collateral-free microcredits worked out in cooperation with such women proved viable in one village, after which it was made available throughout Bangladesh by Grameen Bank, established by Yunus, and in many other developing countries. This system inspired Yunus to create the idea of the 'social enterprise' which, over the last few years, has been spreading in the USA and in certain European countries, and has become an element of the European Union's development strategy.

Muhammad Yunus is urging world giants to make use of the 'entirely new economics'.

He proposes that non-government organisations support micro-entrepreneurship because it is a more effective way to help poor people than charity. The ideas of social entrepreneurship and microcredits have led Barack Obama to add the word 'social' to his speech about change as he awarded Yunus the American Medal of Freedom. Gamreen Banks method of action is successfully emulated in other countries.

According to the Microcredit Summit Campaign, by the end of 2011 over 195 million people worldwide had taken advantage of microcredits, including 124 million families living in abject poverty (people living on less than 1.25 USD per day).

Muhammad Yunus' second visit to Poland is an opportunity to discuss social economics and its various models in a European context. This idea is also behind the creation of the Department of Social Entrepreneurship at the Janusz Korczak Pedagogical University in Warsaw. We trust that it will not only be a place of teaching, but one that will serve to inspire and incubate social business in Poland.

In Search for New Values

Social enterprises turn the economic system we are familiar with – the dichotomy between that which is social (non-profit, but noble), and that which is business (profitable, but egotistical) – on its head. They transcend the usual division into corporate and public activity by showing that actions beneficial to the community can be financed using funds that originate from the private sector, as opposed to the budget of the local or state government. They may be the harbinger of another stage in development of capitalism – an economy for people.

The word 'business' comes from the adjective 'busy,' which means to be occupied. A social business or a social enterprise not only is self-sustaining, but makes it possible for people who need support on the labour market to make a living as well. They go into 'business', meaning that they occupy themselves, thanks to which they can improve their living conditions. Not thanks to handouts, but through their own work. Social enterprises are usually set up thanks to external assistance (companies, non-government organisations, local government), but they give employment to people in specific conditions – they turn them into co-owners of the business. They also facilitate social integration through common action, co-participation and confidence-building within the group.

Such enterprises can, therefore, do as much as the people they employ can do together and, for this reason, they strive to develop the potential of an individual. Workers of social companies work for themselves and in a place that is theirs. They acquire the means to meet their family's basic needs not through alms, but through work. In this manner, they gain confidence in their own abilities, material stability and a sense of their own worth, because they do not depend on anyone else but themselves. Social enterprises provide about 6 per cent of workplaces in the EU member states and produce 10 per cent of EU's GDP. Projects of this type are emerging in many countries, but their impact on social life is most visible in developing countries. THINKTANK presents the faces of social entrepreneurship in Bangladesh.

{ Microcredits



Microcredits revolutionised the lives of the poor. In 2006, Grameen Bank and its founder, Muhammad Yunus, won the Nobel Peace Prize, because they had carried out a social and economic revolution in Bangladesh, without revolutionary upheaval. Few believed that the poor would pay off the microcredits they had drawn. As it turns out, they conscientiously pay back the borrowed money because 'not to give back is shameful'; and because they invested it in activities allowing them to maintain their families and to set modest savings aside. The main borrowers are women – who are more responsible and less selfish than men.

{ Grocery Business



Owning a store is a secure business – people will always need something. But opening a store requires capital, thus mortgage has to be taken out. Since Grameen Bank lends mostly to women, the assets bought with the loan belong to the wife. If the husband wishes to leave his wife – to divorce, it is enough for him to say the word 'divorce' three times – the house or shop will by law remain with his spouse. The effect of this has been that the number of divorces in this traditional Muslim society has fallen dramatically in the last two decades.

{ Transport Business



Many Bangladeshi men drive a rickshaw. They are proud of their vehicles and, for this reason, they decorate them lovingly. Such work is popular because clients are legion, but one needs to be healthy and in good shape. As the purchase of a rickshaw is a great expense, most men drive rickshaws that they don't own. Some switch to motor rickshaws or taxis. Those fortunate enough to have money (from a Grameen Bank loan, for example) use it to purchase a vehicle capable of carrying people or merchandise. Thanks to this they can maintain their families.

{ Synthetics Business



Malaria is an enormous problem in developing countries. Nearly half of Bangladesh's territory is made up of wetlands – areas where malaria-spreading mosquitoes breed. The most effective protection is a mosquito net. BASF Grameen have invested in machines for the production of durable nets and in chemical substances that repel insects. The mosquito nets are soaked in them and dyed to incline the color-loving Bangladeshis to buy them. Without expensive machines, the production of mosquito nets would not be possible. The company brings a return to investors, and the generated profit is used for social ends. The company has already manufactured half a million mosquito nets. They cost about 800 taka (about \$10).

{ Other Production Activity



Without water there is no life, without bricks there is no house. In Bangladesh, water is carried in vessels, and bricks are made thanks to machines. Money is needed for both. At the same time, most Bangladeshi villages are still without sewage, which is why women buy large water vases and canisters or make them out of clay, which they also need to buy. At the same time. Bangladesh is a country of chimneys – not factory but brick kiln chimneys. In a country where rain falls for a great portion of the year, buildings made of fired bricks have to be lasting. Not every Bangladeshi can afford a brick house, but they all aspire to have one. Grameen Bank microcredits help them to get their houses.



{ Energy Efficiency



The last great wave of electrification on the Old Continent took place in the USSR in the 1930s. In contrast, many Bangladeshi villages remain without electricity, and it is regularly turned off in the cities. Energy efficient light bulbs will not solve this problem, but they can reduce electricity usage. A company established in the Grameen Group manufactures them and distributes to Bangladeshi stores. At the same time, it runs a training centre for adults – it teaches how to assemble such light bulbs and how to save energy. Women and men work together and mutual dependence integrates the team.

{ Textile Business



Bangladesh is famous for its sewing industry. This fame has grown rather ill lately – recently nearly 1,200 workers perished in Dhaka, under the rubble of the Rana Plaza building which had been rented as a factory. Inspections are supposed to bring improvements and are necessary, because textiles are the country's main export product and the most important activity of many Bangladeshis. The sewing shop established by Grameen Bank produces quality clothing for major clients. People working in the sewing shop have a regular job and improve their skills by frequently changing work stations. often. Another company from the group brings cloth to the market under its own name of Grameen Check. It is produced by small-scale weavers in villages, who thus have additional sources of income.

{ Social Business Day 2013, Dhaka



The photos in this publication were taken during trips to Bangladesh as part of the Social Business Day 2013 organised by the Yunus Center in Dhaka.

Social Business – a Sign of New Times?

At a time when 400 of the world's richest people have as much property as the next 3 billion people on Earth, social enterprises are a sign of new times – of an era when the strength of a community will be measured by the strength of its weakest member.

Social enterprises are companies, not charities. They conduct business activities, they are independent of public institutions, incur economic risk and have to stay afloat on the market.

They differ from classic businesses in their aims. A social enterprise is also a form of social undertaking – one that activates and integrates weakest groups. Its proceeds are reinvested in the community, and not for the purpose of maximising profits to increase the income of shareholders and proprietors. An enterprise of social economy can be a non-government organisation, a social cooperative or a commercial company, on the condition that it meets most of the criteria listed below:

- a) Economic criteria: conducting a relatively constant activity; using economic instruments; being financially independent from public institutions; incurring market risks; relying on paid (if small) staff;
- b) Social criteria: a socially useful aim of the undertaking; a grass-roots and civic character; a community system of management and operation; limited distribution of profits.

In times of shallow media coverage and populist politics, valuable ideas usually take shape in the private sphere. Entrepreneurs are not only businesspeople, they are enterprising people who are simply gifted, creative and active.

Some of them are more preoccupied by the affairs of their community than are the media or politicians. This is not only true of great firms, but also small businesses. Their leaders and founders see the imperfections of contemporary public life and try to find remedies.

Corporate social responsibility and social entrepreneurship may be the harbinger of a new renaissance – a humanism that will lead to a transition from unlimited individual freedom to social solidarity. The measure of success of social companies is not their profitability, but their impact on people and their communities. In terms of their sustainability, however, they have to be stable and self-sufficient. Able cooperation of the authorities with social enterprises could help resolve problems which states, cities and regions have to grapple with.

Such activity does not replace public services but extends them. It can also contribute to making the process of globalisation, which seems primarily to reward individual people, regions or states (*global-I-sation*), evolve in the direction of a true global community – one that doesn't think 'I', but 'we' (*global-we-sation*).

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The Janusz Korczak Pedagogical University in Warsaw is one of Poland's oldest private humanities schools. Its mission is adult education serving to form broadminded humanities specialists with an understanding of social, public and economic reality. In October 2013, the Muhammad Yunus Department of Social Entrepreneurship has started its academic work. The Department of Social Entrepreneurship will conduct a research and teaching programme whose purpose is to counteract social and financial exclusion and develop social cooperatives and enterprises propagating the notion of social entrepreneurship as an alternative to traditional economics. www.wspkorczak.eu



United Nations Global Compact

United Nations Global Compact (UNGC) – the initiative of the UN Secretary General announced by Kofi Anan in 1999 and inaugurated at the UN headquarters in 2000 is a platform of actions aiming at corporate responsibility and sustainable development. www.globalcompact.org.pl

An analysis centre. Creates platform for the exchange of experiences, knowledge and good practices for business leaders, politicians and civil servants in Poland. It conducts its own research, issues reports and other publications. It organises meetings, discussions and conferences, and carries out projects based on dialogue between the public and private spheres. www.mttp.pl

THINKTANK



The publisher of Muhammad Yunus' books in Poland. The social enterprise acts in aid of developing and fostering social innovations, social entrepreneurship and microcredits. www.concorda.pl

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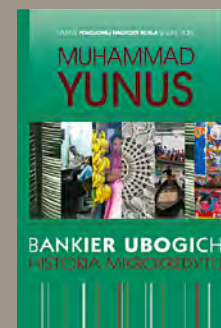
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Books by Muhammad Yunus in polish



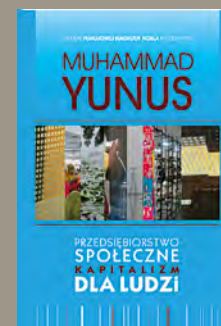
■ Available since February 2013

Can we imagine the modern world based on the free market, without poverty, hunger and social inequality? The author, a Nobel Prize Winner, presents his vision of a new form of economic activity in which business profits are used to responding to social needs. Creating a *World without Poverty* is the story of the growth and success of Muhammad Yunus' undertakings aimed at combating poverty and exclusion. Yunus' world as shown in the book includes many creative examples of activity and forms of cooperation that make use of modern technology and economic knowledge benefiting the poor – pioneering examples of capitalism in the service of people.



■ Available since January 2012

A fascinating autobiography of the creator of the world's largest microcredit institution and a history of the emergence and growth of an unusual bank. Grameen Bank was a pioneer in granting credits to poor people who had no property and, often, were illiterate. Such financing changed the lives of millions of families who had no chance for credit from commercial banks but who needed small sums to launch a business. All this took place thanks to the determination of an economist who began a career as a banker in 1976 by granting a mere 27 dollars to 42 village women.



■ Available since February 2011

The social enterprise is a new dimension of capitalism. Muhammad Yunus' innovative concept has evolved since 1976, when he launched his microcredit initiative in Bangladesh. The Nobel Prize Winner has successfully combined the drive to produce financial profit with the response to social needs. The resulting new form of economic activity fills a void in the contemporary world. Muhammad Yunus has embarked on social entrepreneurship-type ventures with a number of world concerns such as BASF, Intel, Danone, Veolia and Adidas. The number of such ventures in the world is growing continuously. At present, the world's largest social enterprise is Grameen Bank in Bangladesh.

More at: www.concorda.pl

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