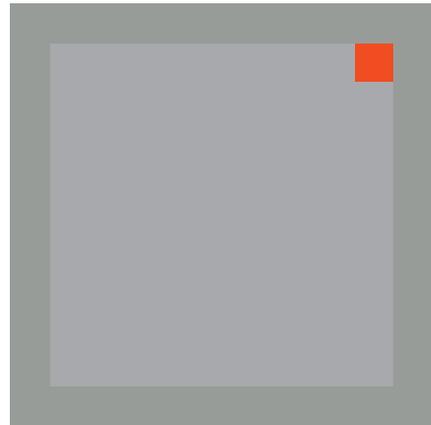


REPRINT



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THROUGH THE THINKTANK LENS

Bangladesh:
The Faces
of Social Entrepreneurship

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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.

{ 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, husbands agree to sign real property over to them. If, however, they later wish to leave their wives – to divorce, it is enough for the husband to say the word 'divorce' three times – the house or shop will by virtue of law remain with the wife. 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. This sewing shop established by Grameen Bank is the common property of its workers. It makes good quality clothing that is sold in stores under its own name. Employees often change position in order to learn new skills.

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 or 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, but 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 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.