

Creating New Generation Entrepreneurs (Nobin Uddyokta) at the Rural Areas: A Social Business Model for Sustainable Development

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Abstract:

Social and economic development have now become intertwined. Nowadays, development does not only refer to economic progression but also relate to social enhancement. Throughout globe, ‘for profit’ or ‘non-profit’ corporations, entrepreneurs have started to embrace the social business model and are significantly contributing to eradicate social problems and creating a better future. Social business differs from Social entrepreneurship by principles. Social Business is a selfless business, a non-dividend company that solves human problems. There are 3354 social business in operation across 28 countries around the globe as of December, 2017. In Bangladesh, Nobin Uddyokta-NU (New Entrepreneur) project is a youth-entrepreneurship development program for the next generation of Grameen family to turn unemployment into entrepreneurship initiated by Grameen Telecom Trust (GTT), a sister concern of Grameen Bank, the recipient of Nobel Peace Prize 2006 as an illustration. The aim of this paper is to explore the phenomenon of Social Business Enterprises (SBEs) and gain an understanding of their nature, operations, objectives and implications by Grameen Telecom Trust. The paper seeks to investigate, with Nobin Uddyokta (New Entrepreneur) project’s case, if, how and to what extent such social businesses help towards social and economic uplift of the poor by creating new entrepreneurs among the next generation of the Grameen Bank Loan recipients, who have basically come out of ultra-poverty in villages of Bangladesh. The case of Nobin Uddyokta (New Entrepreneur) project is studied and evaluated critically, in order to gauge its impact on local communities, particularly the segment who are at the base of the economic pyramid.

Introduction:

Social and economic development have now become intertwined. Nowadays, development does not only refer to economic progression but also relate to social enhancement. Businesses are meant to make profit. Subsequently, the concept of ‘doing something good for the society’ or ‘returning back to society’ came into play due to emergence of wide range of social problems. Such problems or sort of deprivation are mostly stationed on human, and bizarrely caused by human. For instance, it is the responsibility of human to shape the social and economic structure in a society. At this juncture, auspiciously business organization came forward to assist other stakeholder of the society to reconcile those problems in the society. A call by Professor Muhammad Yunus, the Nobel Peace Prize’ 2006 winner, made the business entities to rethink their corporate social responsibilities or restructure their corporate philanthropic attempts. The call was to create “social business’ model by the profit or not-for-profit organization in order to uplift the poor people, ensure socio-economic harmony in the society. Social business differs from Social entrepreneurship by principles. Yunus (2007) in his book, *Creating a World Without Poverty*, proposed a new model of “organization-the social business” and describes a market based business model which is focused on the pursuit of primarily social or environmental goals, rather than personal economic gain. Social business models are conceptualized to include in the performance equation not only financial returns but also welfare enhancing outcomes (Angeli and Jaiswal, 2016). Throughout globe, ‘for profit’ or ‘non-profit’ corporations, entrepreneurs have started to embrace the social business model and are significantly contributing to eradicate social problems and creating a better future. Social Business is a selfless business, a non-dividend company that solves human problems. Social Business can be defined as the ability of an organization to share information, produce knowledge/products/services collaboratively, accelerate business processes to develop the

marginalized society in a country (Yunus, Moingeon, & Lehmann-Ortega, 2010). Social businesses work in a similar fashion to co-operatives, which are usually structured so that the profits are either ploughed back into the co-operative or distributed amongst members (Ghalib, Hossain, & Arun, 2009). According to Bear (2015), Social Business has contributed to this end, and has proved its value across nearly every business function, from marketing and commerce, to product development and human resources, to internal collaboration and intelligence. According to Khashru (2016), there are 3354 social business in operation across 28 countries around the globe as of December, 2017. In Bangladesh, Nobin Uddyokta-NU (New Entrepreneur) project is a youth-entrepreneurship development program for the next generation of Grameen family to turn unemployment into entrepreneurship initiated by Grameen Telecom Trust (GTT), a sister concern of Grameen Bank, the recipient of Nobel Peace Prize 2006 as an illustration. The aim of this paper is to explore the phenomenon of Social Business Enterprises (SBEs) and gain an understanding of their nature, operations, objectives and implications by Grameen Telecom Trust. Within this context, some questions that this paper seeks to explore are:

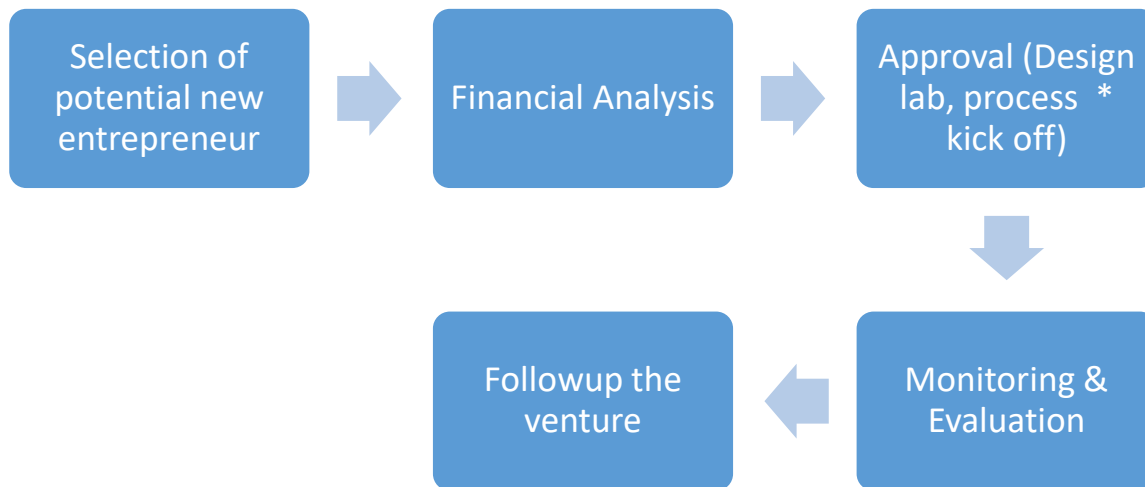
- How the Nobin Uddyokta (New Entrepreneur) project works?
- Why Nobin Uddyokta (New Entrepreneur) project is a workable solution for poverty alleviation?
- Does the Nobin Uddyokta (New Entrepreneur) project contributing to the sustainable development?

The paper seeks to investigate, with Nobin Uddyokta (New Entrepreneur) project's case, if, how and to what extent such social businesses help towards social and economic uplift of the poor by creating new entrepreneurs among the next generation of the Grameen Bank Loan recipients, who have basically came out of ultra-poverty in villages of Bangladesh.

How it works?

There are few funding companies to support next generation of potential entrepreneurs. The aim of this fund is to support children of Grameen Bank Borrowers to undertake sustainable business and become entrepreneurs. They may scale up existing family business or take up new innovative ventures as a full time employment. In the process they would create jobs beyond family members. To ensure the success of the Nobin Uddyokta (New Entrepreneur) project, there are five steps to be followed, which leads towards creation of next generation new entrepreneurs. The steps are in general, 1) selection of new entrepreneurs, 2) financial analysis, 3) approval of business in the design lab, 4) Evaluation (new entrepreneurs reporting, monitoring, & evaluations), and 5) follow-up. The Nobin Uddyokta (New Entrepreneur) and the funders are business partners. They are engaged in a business relationship where the entrepreneurs are shareholders with token, minority or majority shares. The entrepreneurs may become the Managing Partner or the manager for which he would receive a consolidated monthly salary. The funding company monitors the performance of the manager/ managing partner without getting involved in the actual running of the business. Here, funding company is doing a social business and Nobin Uddyokta (New Entrepreneurs) business is a profit making business. Because funding company employed his/her unemployment for creating a small business. The objective of the investor is not only to create a job for a young unemployed person but also to transform job seeker into a job giver. To do that the funding company offers the Nobin Uddyokta (New Entrepreneur) an opportunity to own the business by paying 20% share transfer fee along with the initial investment amount. It is an attractive and advantageous offer for the Nobin Uddyokta (New Entrepreneur) because; he is buying the share face value at a modest fixed charge over the entire payback period. Most notable point is, under

this project, new entrepreneurs must abide by fourteen policies agreed upon both the Grameen Telecom Trust and the new entrepreneurs.



The case of Nobin Uddyokta (New Entrepreneur) project is studied and evaluated critically, in order to gauge its impact on local communities, particularly the segment who are at the base of the economic pyramid. Finally, project sustainability is discussed along with some recommendations.

Nobin Uddyokta (New Entrepreneur) for poverty alleviation and sustainable Development

This case study adopts an interpretive approach to investigate a social business project, Nobin Uddyokta (New Entrepreneurs), where social values are incorporated along the profit-making motive to uplift the social arrays.

The study reveals that the new entrepreneurs find the social business model as workable solution for uplifting the economic situation. Due to the tailored business model according to the context, background, setting of the new entrepreneurs, these activities under this project explored to be viable by the next generation entrepreneurs of Grameen Bank family. Based on the interview and secondary data from the Grameen Telecom Trust, interestingly, it indicates that each of the business is running well with proper required guidance from other stakeholders. As the business ideas goes through a selection process, it also attempts to contribute to the agendas of sustainable development.

Aleya Begum was an average homemaker. With passing days, it was difficult to run the household with two children and limited income of her husband. With the help of her mother she set up a shop of cosmetics in the women's market in Mithapukur in 2007, with only 588 USD. Initially, she faced resistance from her in-laws but she continued amidst all taunts and obstacles. Gradually her business grew and also she faced lack of capital. At that time, she came to know about the Nobin Udyokta investment program of GTT through another Nobin Udyokta. In 2014 she received an investment of USD1,764 (BDT150,000) from GTT. This add to her personal capital of USD1,647, helping her fuel her business. After the new investment, her hard work and dedication took her to new heights of success. She was soon able to appoint her first employee. As the earnings from business kept growing, she started providing better education for children.

Her in-laws and people from her community now have a changed their perception towards her and now praise her. She paid the investment amount back to GTT. During 2018, while meeting her, she was found to own a quite large business in her with more employees appointed from locality, she contributed a lump sum amount of her money to install tube well in her village for safe drinking

water for the villagers. That's how she contributed to the sustainable development of her particular village.

Fazlur Rashid another young guy, 34 years of age, couldn't get his higher education due to lack of enough money but he has 4 siblings who also had to leave higher school because lack of affordability. With his little bit of experience in shoe repairing, he started to repair leather bags and also sell school bags in a sub-urban area of Bangladesh. Once he heard of GTT, he visited the office and conducted required formalities. Once they have agreed upon to start a new social business for GTT, fazlur Rashid received additional capital of USD1764 from GTT which made his total capital of USD4117 (BDT350,000). With the training, monitoring by GTT his business grew. Later he was able to pay for his siblings education and two of them started their own business and other two are now working in offices in different capacity. According to Fazlur Rashid, the social business established with him managed to uplift the overall economic and social situation of his family. This business though even not directly, has contributed to the sustainable development in the poorest region of a developing country. As Fazlur Rashid mentioned during the interview:

“The measure of success in the society must be redefined. Social Business to us, provides the fundamentals to establishing this”

Social business believed to produces products and services to cater to social needs that underlie sustainable development goals. In fact, scholars have started to profess that social business model is becoming a social and economic tool for the sustainable development.

There are the characteristic features of the social business that must be brought into this discussion because they form the essential part of the strategies of social business, helping it to work towards sustainable development. Social business is kind of a fully profit oriented business with motive to

address social issue in the society. However, the investor in social business are not required to take any dividend from the business, as such it is well known as non-dividend company. The business must be done with joy. This joy is to make other people happy and bring smile to the other people face.

However, yet it is not the right time to make any conclusion on the social business success and its long term impact in the society. Nevertheless, so far the social business that are operating around the globe are quite successful in their business operation and societies have started to get benefit out of this social business model. It is not too overstated to assert that Social Business is much more than just new start-up by the micro-entrepreneurs at the village level.

Many large companies have also initiated to incorporate social business model into their business model ecosystem. In business ecosystem, corporate social responsibility, in short CSR is widely and popularly known amongst corporate entities. Regrettably, CSR has been proved to be not much impactful and comparatively weaker approach for sustainable development. Hence companies like Intel, Danone have considered to embrace the social business model.

Grameen Intel Social Business Limited is a social business information technology company formed as a joint collaboration between Intel Corporation and Grameen Trust operating in Bangladesh. Intel Capital and Grameen Trust are the two organizations who have invested to create Grameen Intel Social Business. They are the shareholders of the company. Grameen Intel Social Business Limited provides IT solutions for rural entrepreneurs who provide a service using computing technology in their local communities. This social business company creates software applications that address specific social problems such as low agriculture output or lack of pre-natal care. Grameen Intel Social Business has come up with a smart wearable bangle that provides pre-recorded messages for maternal health. As an additional feature, it can also alert the presence

and level of indoor air pollution (particularly carbon monoxide) during daily activities like cooking which often involves burning wood, charcoal or animal dung. Dangerous levels of toxic fumes can be extremely harmful for both the mother and the child. It is a water resistant bangle made of high quality durable plastic. The device lasts for 10 months (the entire pregnancy period) without charging and programmed to “speak” about 80 pregnancy wellness messages. The device does not require internet connectivity to function and is crucial for the mother gets the right information at the right time.

The UN World Food Programme (2007) estimates that 115 million school-aged children do not go to school and 97 percent of these children live in developing countries. Several studies prove the beneficial impact of school feeding on both health and school performance. Grameen Danone Foods, popularly known as Grameen Danone, is a social business enterprise, launched in 2006. Grameen Danone is a collaboration with Danone (one of the world’s leading healthy food companies) that offers locally produced affordable and easily available dairy product developed to fulfill the nutritional needs of Bangladeshi children. The objective was to bring daily healthy nutrition to low income nutritionally deprived populations in Bangladesh and alleviate poverty through the implementation of a community based business model, where no profit will be appropriated by the investing partners.

Conclusion:

Social business indeed is getting momentum around the ‘for-profit’ or ‘not-profit’ corporate entities. The interesting thing is, it is been well embraced by not only developing countries or least developed countries, but also by the developed countries. Because, every society has problem, perhaps the extent is either more or less. For-profit corporate bodies are significantly contributing

in the societal development through the corporate social responsibility efforts. It would be good enough for the companies operating in developing countries as well to come up new social business model based on the contextual issues or perhaps come up with a modified version of replicated social business model to ensure the sustainable development in every society on the globe.

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