

# SOCIAL BUSINESS FOR ACHIEVING SUSTAINABLE DEVELOPMENT GOALS IN BANGLADESH

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## ABSTRACT

*The concept of social business is to make poor people owners of a business or enjoying the business by serving the poor offering products or services at an affordable price without taking any private profit. This paper aims to study the possibility of social business concerning Sustainable Development Goals. To protect the sustainability and build a better planet, the United Nations has set 17 goals for sustainable development goals to be achieved by 2030. Social business has created a new dimension and demonstrated an innovative way of accomplishing these goals by simultaneously solving social problems. This study will describe all of the extensive social business details, how it works, and how it generates profit, functions, and social business types. At the same time, the study will also explore how social businesses can help to achieve sustainable development goals in Bangladesh now and in the future.*

**Keywords:** Sustainable Development Goals, Social Business, Social Responsibility, Social Enterprise, Poverty Alleviation.

## INTRODUCTION

Noble Laureate Professor Dr. Muhammad Yunus introduced the groundbreaking concept of social business, arguing whether the conventional motive of profit-maximizing capitalism can make a sustainable future. Unlike traditional businesses, Social business is a selfless business that addresses social problems that can be solved through business, making a minimum possible profit. Social businesses make a profit to be self-sustainable. Once investors' investments are repaid successfully, the company covers more areas to entirely solve the issue.

Social business can directly or indirectly contribute to achieving all seventeen sustainable development goals provided by United Nations in 2015. Social businesses are concerned with all three (economic, social, and environmental) sustainability factors. Although the business is driven through social objectives, it competes with traditional businesses. It provides market-competitive wages to the workforce and runs the business in the traditional approach.

As social business and sustainable development goals have a shared vision of making a sustainable world. Social business is a revolutionary concept for achieving sustainability faster because, unlike charity, it recycles the profit generated by the business operation. Several social businesses have already been working in Bangladesh to achieve sustainable development. Yunus Social Business Center actively promotes social business for achieving sustainable development in eleven locations in ten countries (Yunus Social Business, 2020).

## BACKGROUND STUDY

Sustainable Development Goals resulted from the United Nations conference in Rio de Janeiro in 2012. Seventeen goals with 169 targets were established as a successor of the Millennium Development Goals. As a part of the first goal, 9.2% of the world population still

belongs below the extreme poverty line (World Bank, 2018). Where in Bangladesh, this rate is as high as 29.5%. Out of 689 million people, about 48 million people of Bangladesh live on less than \$1.90 a day (Dhaka Tribune, 2020). Almost 3 out of 20 people in Bangladesh are undernourished (Asian Development Bank, 2020). About 1.3 billion tons of foods, one-third of the world's food production, are wasted every year. Two hundred twenty-two million tons of food are wasted in rich countries equal to entire sub-Saharan Africa's net food production. (UN Environment, n.d.). Worldwide, 70% of the water is used for agriculture. Therefore, food waste also a reason for significant waste of fresh water and groundwater (UNESCO, n.d.). Globally, one in three people do not have access to safe drinking water, and 25% worldwide do not have adequate sanitation access (World Health Organization, 2019). The scenario for Bangladesh worse in terms of access to safe water. Only 44.6% of people have access to safe water (Asian Development Bank, 2020). Environmental degradation is also caused by several other reasons: fossil fuels, energy sources with carbon usage, and industrial waste, and many other business factors. Ecological factors, especially water pollution and deforestation, significantly impact life on earth and life below water. About 13 million hectares of forest are lost every year, which is home to more than 80% of land species, while this land is used to generate livelihood for 1.6 billion people globally. 40% of the ocean all over the world is suffering from poor waste management and overfishing simultaneously, coral reefs are being destroyed, which is home to 25% of marine life. All environmental factors have a tremendous impact on climate change. Women are more vulnerable to environmental degradation, especially by climate change action. Women generally get less access to employment, land, credits in the least developed and developing countries. Girls also get less access to education than boys (UN Environment Programme, n.d.). Bangladesh is performing very well in terms of gender equality and education. Women in the national parliament hold 20.6% of seats. The health sector improved significantly: Maternal mortality ratio reduced to 173 from 434 per 100,000 live births between 2000-2017. (WHO; UNICEF; World Bank, 2018). One in five people worldwide does not have access to modern electricity. Still, two billion people use wood, charcoal, or animal waste for cooking their food (UN Environment Programme, n.d.). About 20 million people in Bangladesh still do not have a modern electricity facility, and only 32% of the total electricity is renewable (Asian Development Bank, 2020). Among seventeen sustainable development goals provided by United Nations, "*No Poverty, Good Health and Wellbeing, Gender Equality, Affordable and Clean Energy, Decent Work and Economic Growth*" should be achieved as early as possible.

Even today, we do not pay serious attention to poverty because the powerful remain relatively untouched by it. Most people distance themselves from the issue by saying that they would not be poor if the poor worked harder (Yunus 2007), Banker to the Poor: Micro-Lending and the Battle Against World Poverty, 1998). Only 1% of the world's population control over 50% of the earth's total wealth (CNBC, 2017). Globally, 26 wealthiest people possess as much wealth as the poorest half of the world own, and if a 1% wealth tax charges them, it will raise enough money to educate every child not going to school (Oxfam, Charity Calls, 2019). 53% of people believe business can do better than government to solve social issues (Marketing Drive, 2018).

Professor Muhammad Yunus discovered the idea of Social Business with the purpose of satisfying social problems such as poverty, inequality, health problems, unemployment crisis, Where the main objective of the company is to solve social problems instead of making a higher profit. There is indeed a shared vision of social entrepreneurship and sustainable development goals. Therefore, Social Business can be an innovative idea of business to achieve sustainable development goals.

*Once poverty is gone, we will need to build museums to display its horrors to future generations."* This is the vision of Professor Muhammad Yunus. It is also the vision of the UN member states that created the Sustainable Development Goals (Ward, 2016).

## Social Business Concept

A social business is driven by social objectives, with the prime purpose of solving social problems where profit is one of the main objectives. In other words, a non-loss, non-dividend organization committed to addressing social issues is a social business. The company should concurrently be owned by an entrepreneur who reinvests all profits to grow and develop it. (Yunus & Weber, Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs, 2010) in Figure 1.



**Figure 1**

**CONTRIBUTION OF SOCIAL BUSINESS (YUNUS, MOINGEON, & LAURENCELEHMANN-ORTEGA, BUILDING SOCIAL BUSINESS MODELS: LESSONS FROM THE GRAMEEN EXPERIENCE, 2010)**

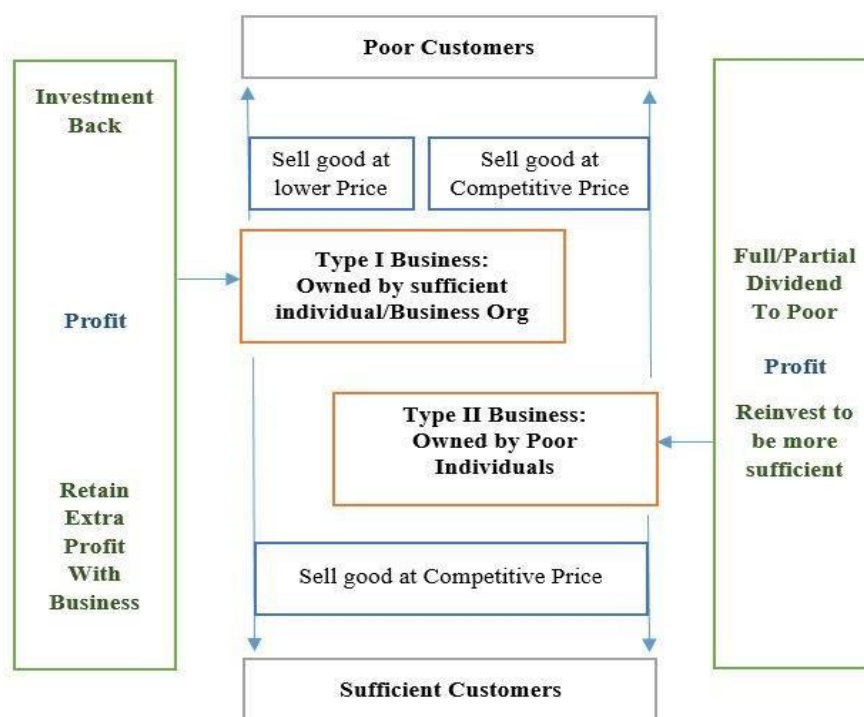
The key point of distinguishing a social business enterprise from a profit-maximizing corporation is that it addresses social problems and makes a business concept a potential solution to these challenges. A profit-maximizing business, on the other hand, addresses the most profitable business concept and maximizes the value of investors. Unlike charity or corporate social responsibility, a social business earns profit to sustain for the long run. All the profit makes through business operations retained by the company. All the profit is made from the company's retained business activities. In this way, the organization can cover a wider area of the new problem or solve new societal issues. The only reason why a social business makes a profit is to be self-sufficient. A social business benefit can be repeatedly spent when charity money gets just one life (Yunus Social Business, 2020).

Social businesses can be classified into two categories:

**Type 1:** This type of social business is primarily owned by sufficient individuals, families, or any business organization. Good and services can be sold to both inadequate and adequate customers. The company must make a profit, but owners cannot get any dividends. Investors can take back all the money eventually. Once all the investment paid back business retains 100% of

its profit and expands its operation to cover more social problems. Significantly, to reduce poverty and inequality, provide food at an affordable price, increase education access, provide clean water, adequate sanitation, and solve many other social problems.

**Type2:** The owner of a type 2 social business must be one or more poor individuals. This type of social business also must focus on solving social issues even though it is owned by the poor. In type 2 social business, owners are allowed to sell goods and services at a competitive market price to both sufficient and insufficient customers. Owners can get total or partial profit as a dividend to make their lives better at the same time, expand the business. It is essential that no financially sufficient individual cannot be an owner of this social business type in Figure 2.



**Figure 2**  
**SOCIAL BUSINESS WORKING MECHANISM**

While social businesses are working to solve social issues, social business workers and employees need to obtain fair market wages and salaries. It is the responsibility of the workforce to provide all the facilities to the customers with well-maintained quality. Social businesses should be operated by competing profit-maximizing companies. The environment is an essential factor for social business.

According to social business principles, the business operation must be maintained without polluting the environment.

### **Contribution of Social Businesses to Achieve Sdgs**

**Grameen Danone:** In Bangladesh, more than 54% of pre-school children, almost 9.5 million youngsters, are malnourished, about 56% of whom are underweight. Youngsters in Bangladesh also experience a high micronutrient inadequacy rate, especially vitamin A, iodine, zinc, and

iron. Around 38% of rural children and 42% of urban children suffer from malnutrition (Md, M. H et al., 2014).

Franck Riboud, Chairman and CEO of Danone, France, and Muhammad Yunus, founder of Grameen, together decided to explore the possibility of a Danone-Grameen partnership in Bangladesh in October 2005. In March 2006, they announced the Grameen Danone Foods, Ltd in Dhaka with a yogurt named "*Shakti Doi*." It includes all the necessary micro-nutrients to solve malnutrition issues among Bangladeshi children (Danone Integrated Annual Report, 2019). If a child consumes 2 cups of yogurt a week over a year, he/she will regain full health (Yunus, Grameen Danone: Social Business).

A 50 grams cup of yogurt costs only 10 BDT (0.12 USD), making it affordable for the poor twice a week. The yogurt salespersons are local poor people, mainly women who used to beg before (Known as Grameen Ladies). Raw material produced for the yogurt is purchased from local poor people. The yogurt is produced with solar and biogas energy and served with environmentally friendly packaging. Grameen Danone impacts 300,000 children in Bangladesh, has created sustainable revenues for 500 farmers, 200 "*Grameen ladies*," and 117 van pullers, distributing the products (Danone Integrated Annual Report, 2019). Grameen Danone targeted to cover four sustainable development goals; No Poverty, Zero Hunger, Good Health and Well-Being, and Decent Work and Economic Growth. Currently, Danone operates a similar business in China, France, and Senegal.

### **Grameen Healthcare Service Ltd**

In Bangladesh, among people over 30 years old, 750,000 are blind. 80% of them are blind because of cataracts. Every year approximately 120,000 added to the list of cataract patients. More than six million people suffer from eye major or minor diseases (Grameen Health Care Service Ltd, n.d.).

Grameen Health Care Service Ltd-GHS began its journey in Bagura to ensure quality health care services, particularly eye diseases, in 2006. GHS is a social business committed to serving low-income and less-privileged people. GHS has produced jobs for 290 people in four branches in Bangladesh, in addition to providing health care services. More than 1.95 million patients were treated at GHS hospitals, where 48,000 patients were treated free of charge. More than 99 thousand cataract surgeries and 20 thousand other surgeries performed by the GHS, 11400 surgeries were performed without any cost, and 35900 performed at a subsidized rate. The 2<sup>nd</sup> branch of GHS Barisal was established in 2009 as a successor to the Bagura branch. The 3<sup>rd</sup> branch was formed in 2013 at Thakurgaon and the 4<sup>th</sup> in 2020 at Sathkhira. (Grameen Health Care Service Ltd, n.d.). GHS works to ensure Decent Work and Economic Growth; and Good Health and Wellbeing from Sustainable Development Goals.

## **Grameen Telecom Trust**

Grameen Telecom Trust started in October 2010 with the mission of doing business, emphasizing zero poverty, zero unemployment, and zero carbon emissions for sustainable development. In Bangladesh, Grameen Telecom Trust-GTT pioneered the implementation and assistance of Social Business enterprise. Currently, out of 64 districts, GTT has facilitated social businesses in 19 districts of Bangladesh (Grameen Telecom Trust, n.d.).

GTT financed funds for several social businesses. Some of these are, Social Development Rural Society- SDRS social business, is creating handicraft by rural poor women. SDRS Solar Project started in 2014 to manufacture solar panels to provide clean and renewable energy to the rural poor. ARONI Social Business promotes mustard oil production and sales through engaging marginal farmers and other financially challenged people. Shishir is a social business that aims to refine river water to provide affordable clean water where there is no access to clean water. GTT provided funds for many other social businesses in Bangladesh to solve a large number of social problems. GTT performs as a partnership business to cover all the Sustainable Development Goals, mainly focusing on No Poverty, Decent Work and Economic Growth, and Climate Action.

## **Drinkwell**

Bangladesh is a country with a 163 million population. About 13% of the water sources of Bangladesh contain arsenic levels above the threshold. It results in the risk of drinking arsenic-contaminated water by more than 20 million people. 41% of all improved water sources in Bangladesh are contaminated with E. Coli bacteria (World Bank, 2018). Among 163 million people, more than 21.7 million people stay in Dhaka city, and the population growth rate is 3.5% (Macro Trends, 2020).

Due to the high population and other environmental factors, inhabitants in Dhaka, extremely vulnerable slum dwellers, do not even have adequate access to clean drinking water. Drinkwell began its operations to provide clean drinking water for the poor at an affordable price to resolve the problem. At present, Drinkwell has 202 booths in Dhaka city from where people can get water and expected to increase the number of booths to 500 by 2022. Drinkwell also created employment for 322 people. This project runs in Cambodia, India, Haiti, Mexico, Nigeria, East Africa, and Senegal at a different name under the Danone community (Water, n.d.).

## **YY Goshti**

YY Goshti was founded in 2016 as the first structured social business incubator. The Social Business leader and investors designed a four-month program through YY Goshti to help new entrepreneurs launch their social business. YY Goshti also helps collect seed capital for social businesses. Fifty-four youths from YY Goshti have helped improve the living conditions of 107,756 people in Bangladesh over the past four years YY Goshti. They act as collaborators with social enterprises that aim to solve social issues in a sustainable manner. In just four years, YY Goshti has already generated employment for 1200 people.

## Prospects of Social Business in Bangladesh

A social business concerned with environmental protection and economic development along with solving social problems. It offers an opportunity to address issues of sustainability by creating ideas for social business. To attain Sustainable Development Goals, viable social businesses can be formed addressing social problems.

By creating jobs for the poor by resolving a social problem, poverty can be alleviated. Social entrepreneurs can be lifted up with proper guidance by offering low-interest microcredit, as YY Goshti does. If the poor become entrepreneurs, they can take all the profit as a dividend to improve their living standards, according to type 2 social business. Approximately nine percent of employed people in Bangladesh still below the 1.9 dollar PPPP (Asian Development Bank, 2020). With a sufficient income, some other issues such as poverty, hunger, health will be solved by the system. Inequalities can be eliminated by providing facilities for women. Ninety-seven percent of borrowers from Grameen Bank are women as it provides microfinance mostly for poor women. Grameen Bank Improving individual financial adequacy would have a positive effect on wellbeing, too.

Air pollution from the burning of fossil fuels is projected to cost Bangladesh \$14 billion annually, more than 5% of its GDP. Air pollution associated with fossil fuels is also linked to the premature deaths of an estimated 96,000 individuals per year in Bangladesh (BDNews24, 2020). Building a business venture depending on renewable energy will reduce environmental pollution and help to build a sustainable community. Some of the significant reasons behind land and water pollution include plastics, polybags, chemical fertilizers, industrial waste disposal. Environmental pollution can be minimized by following the circular economy and developing businesses to produce renewable resources such as solar electricity and biogases. Less emissions would have a positive health effect as well. Although the recycling business is less profitable, the construction of a recycling company would have a positive effect on the earth and over all life on earth.

## CONCLUSION

Social Business is at its early development stage, but worldwide it has already proven its impact on society, economy, and environment. A shake to the business world has been created by Social Business to rethink sustainability and how business should be operated. Since a social business does not provide investors with any dividend and produces capital itself, it can respond to social problems faster than any other concept. As Professor Dr. Muhammad Yunus quoted, *"business is a very beautiful mechanism to solve problems, but we never use it for that purpose. We only use it to make money. It satisfies our selfish interests but not our collective interests."*

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