



## REVIEW ARTICLE

## From Grameen Bank Micro-credit to Social Business to Social Economy-detail Proposal: A Case Study: Compare and Contrast Bangladesh and Canada

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### Abstract

In Canada, many research papers, articles and books have been written about social economy that give students, academicians, researchers and policy planners ideas about different types of social business organizations-cooperatives, nonprofit agencies, community economic development organizations, social enterprises etc. For example, *Understanding the social economy: A Canadian perspective* written by Quarter, J., Mook L., Armstrong A. (Eds.), (2009) and Quarter & et al (2010) is an example of a research paper that has documented different concepts of social economy and different types of social economic organizations and their diverse funding models, legal structures, functional frameworks and operational strategies, and challenges they face in the Canadian context [1-3]. In Bangladesh, different social economic organizations and models, funding models and frameworks exist, but there is no one place where this information can be found. Such a research study could help Bangladeshi social entrepreneurs, social economists, and private sector and public sector leaders to get different ideas. Moreover, the study will compare and contrast Canadian social economic organizations with Bangladeshi social economic organizations/initiatives, helping each respective country gain insight into new ideas, policies, and lessons in order to improve initiatives in both countries.

### Introduction

The current proposed post-doc paper focuses on studying, comparing and contrasting the framework of different social-economic organizations in Canada and different initiatives/models of micro-credit, small and medium size (SMEs) enterprises and different innovative types of social businesses/enterprises, especially Grameen hybrid social businesses in Bangladesh. Through the case study of the social economy of these two countries, the study will attempt to answer the following broader questions:

- What are the different micro-credit models that exist in Bangladesh? Why are micro-credit programs very popular in Bangladesh, why not in Canada although Toronto Employment and Social Services (TESS) has self-employment services to unemployed people?
- How do social economic business organizations form and function, specifically in terms of decision making practices and governance in Bangladesh and Canada? How can individuals prepare themselves to

participate in the field of social entrepreneurship?

- How does the non-profit sector reorient itself and started covering the costs for its services from the market place?
- What challenges are they facing to run the organizations and what are the means to achieve financial sustainability of the organizations?

The study will focus on what kind of social economic organizations prevail in Bangladesh and in Canada. The study will help the public sector, the social economy sector, educators and students to learn about different types of organizations, their scope, contributions, future possibilities, barriers and limitations in Bangladesh. There will be in-depth case studies of each type of social organization like community micro-financing institutions- Grameen Bank/BRAC/ASA; social businesses- Grameen Health [4], BRAC; hybrid social businesses-Grameen Danone, Grameen Veolia Water, Grameen Mosquito Nets [4,5], cooperatives-Comilla Cooperatives, Commercial Cooperatives- Mipur Cooperative

Market, Aziz Cooperative Market, Bangladesh Rural Development Board (BRDB) workers/employees cooperatives-Tangail Grameen Housing; social enterprises, trade unions, community economic organizations, membership-based organizations, nonprofit mutual organizations, professional organizations, joint stock companies, socially responsible private sector businesses, international NGO organizations, Bangladesh Chamber of Commerce, foundation trust and networking apex organizations-NGOS bureau, and Palli-Karma Shahag Foundation (PKSF). In Bangladesh, MFIs are popular while Canadian Charitable organizations, civil society organizations, farmers' cooperatives and credit unions are providing services that meet the needs of the citizens. In Canada, many social organizations and community economic programs get funding from the public sector, which happens less in the Bangladesh context. Currently, many in the private sector have opened foundations and funds to do work with a social mission in Bangladesh and Canada. The study will focus on how various types of social economy organizations form, function, and make decisions. It will also look at the governance of these organizations, their sources of funding, sources of revenue, public sector, and board design.

### Statement of the Problem

In Bangladesh millions of peoples are suffering from poverty, poor health care services, child malnutrition, and lack of safe drinking water. The urban poor are living in unhygienic conditions in the urban slums (World Health Organization 2009). Necessary commodity prices are sky rocking. The private sector is focused mainly on maximizing profit [5,6]. Government funding is limited and to obtain it is a lengthy, complicated process. Donor funds are decreasing and public sector corruption is increasing [7], Amnesty International Bangladesh 2010]. Foreign aid is channeled almost exclusively through governments. Nevertheless, today donors give more resources directly to citizen organizations in Bangladesh [4,8,9]. Microfinance played a major role in accelerating this trend. However, many MFIs

are screaming for their loan capital [10]. Public sector community economic development programs are limited in Bangladesh. As a Bangladeshi born citizen, I have noticed that many social economic organizations and social enterprises are unable to expand their services they are growing in demand in Bangladesh. Bornstein & Davis (2010) mention in their book that a tiny percentage of U.S. firms employ almost half of the nation's salaried workers [4]. Corporations have grown immensely powerful. Three hundred multinational corporations control roughly a quarter of the world's wealth [4]. In Bangladesh, the Dhaka Stock Exchange, and the Chittagong Stock Exchange are setting the Securities and Exchange Commission Rules in Bangladesh and corruption, mismanagement, tax and share scandals, and poor corporate governance are the dark stories of the Bangladesh stock market [7,11]; National Daily Newspapers Bangladesh, dated January 15-24, 2011). Grameen Bank micro-credit innovation has massively created hundreds of micro-finance institutions (MFIs) in Bangladesh who have served more than 30 million marginalized poor people in Bangladesh (Yunus 2011), which has helped millions become self-employed and addressed the issue of poverty, revitalizing local living economics and empowering them economically and socially. Hundreds of MFIs in Bangladesh generate millions of social businesses and green businesses in rural Bangladesh. According to Jack Quarter (2011), these MFIs are social economy organizations that have a social mission in addition to their economic services. Vancity community micro loan funds in Canada has more than 500 micro-borrowers in Vancouver and are well known all over the world. Moreover, the Ottawa Community Micro-Loan Funds in Canada are different from traditional banking in these two countries [12-15]. Moreover, Toronto Employment and Social Services (TESS) provide services to marginalized people to be employable in their unemployed transitional crisis periods, which is absent in Bangladesh. The Immigrant Employment Loan program operates under Alterna Savings in partnership with the Maytree Foundation in Canada and offers

immigrants and refugees loans for training or upgrading their skills to increase the likelihood of finding a job in Canada in their field of expertise [13,16,17]. These Canadian micro-finance projects are managed in such a way that micro-borrowers become economic actors, social actors and community development actors. Unfortunately, although the size of the social economy has increased in Canada, this sector is underrepresented in businesses and economic textbooks. [18]. These MFI organizations/projects have both a social agenda and require economic performance. Yunus (2010) regarded MFIs as social business organizations, social enterprises and community-based economic organizations whose aim is to operate without a loss, rather dividends are reinvested for the improvement/extension of the program. The Grameen Bank and its other sister organizations; ASA, BRAC and other micro-credit projects in Bangladesh fall in this social business model, but each has different micro-credit products, legal frameworks, different implementation models and strategies [4,19,20]. The present study will compare and contrast Bangladeshi MFIs with Canadian community micro-loans programs to analyze their strengths and weaknesses, their legal structures, funding sources and implementation strategies. There are many different social economic organizations models, funding models and frameworks that exist, which are unknown even in Bangladesh. For example, Bengal Meat is committed to link the poor livestock producer to the domestic and international market through ensuring a supply of quality, halal and hygienic meat [11]. Hathay Bunano is a social enterprise founded in 2005 who employs 3500 women across a network of 32 rural cooperatives; it sells toys in the US, UK, Australia, Europe and generates sufficient returns to be self-sustaining. KK Tea is 100% certified organic tea focused on poverty alleviation. It provides interest free loans in the form of cows that are paid back in long-term installments through the selling of milk, cow dung and calves. Kumindini Cares provide free medical care for rural people, and spreads education among poor children in Bangladesh. It has 1,500 full-time employees and around 5,000 seasonal workers [2,20] All

these examples of social entrepreneurship are a team approach to social economy.

Social enterprises have accessed capital from impact investors, but markets for this kind of financing are still in their embryonic stages. Social entrepreneurs running small or medium size organizations pursue government funding with reluctance [21-23]. To qualify for funding, groups may have to reshape themselves to fit standardized guidelines. Hence social entrepreneurs prefer to raise money from philanthropists. But each philanthropist has unique application procedures and reporting formats. Moreover, fund raising is time-consuming and expensive. Social entrepreneurs and business leaders need to form partnerships so they can discover how to transform business practices to meet pressing needs [1,24,25]. The researcher has observed that many of the rich, business people and people working abroad in the Middle East, North America and other countries are trying to establish social business in Bangladesh for the well-being of their communities. They give donations to people, build mosques, orphan centers etc. in an informal way. Many of them avoid becoming registered as charities or community-based organizations; because they think that it would be a hassle to go to government's office. However, for institutional sustainability, legal framework enlistment is necessary. Bangladesh has institutional frameworks for different types of organizations inherited from the British period [7]. There are various statutes for creating public enterprises, private enterprises, social economic business, joint stock businesses, non-governmental organizations (NGOs), micro-finance organizations (MFIs) etc under different acts like the Companies Act, the Insurance Act, the Banking Companies Act, the Income Tax Ordinance, Joint Stock Companies etc.; however, there is no act for social businesses or social economic businesses. Therefore, it is important to develop an act that can provide a legal framework for social economy business organizations in Bangladesh, which is present in Canada. Many Bangladeshi non-profit organizations and micro-finance organization officials are not skilled in the English language and do not have the technology to

prepare financial reports or progress reports as designed by the donors and the public sector, hence many active social organizations are unable to market themselves to foreign donors and foundations. Moreover, the Bangladeshi organizations do not have the same resources that have supported the growth of E-social economy organizations in developed countries like the United States and Canada. The Internet is the fastest growing medium of social and economic activities. [3,26]. 80% of the Canadian population has access to Internet [3] whereas in Bangladesh only 1.5% of the population has access [5,9,27] and many other believe that university research can promote the development of future social businesses and social economic organizations in the world as they have done in Bangladesh and in Canada respectively. For example, the Grameen Bank micro-credit social business concept originated from Yunus's university research in Bangladesh. Quarter's social economy bridging private and public sector concept is expanding in Canada. However, Abed (2010), the founder of BRAC has debated Yunus's social business concept. Abed believes that without profit, without shareholder/owners, no business can exist. Nevertheless the record of the Grameen Bank has a social business that earns revenues speaks for itself. In Bangladesh, different types of social business, NGOs, Charities, are serving the disadvantaged people, many of them unidentified. However, it is necessary to document the variety of social business innovations in Bangladesh. A description about the different types of micro-credit organizations, social economic organizations, social businesses initiatives, their funding structures, operational structures, legal framework, governance and their pros and cons could help Bangladeshi social entrepreneurs, social economists, and the private sector and public sector leaders to get different ideas from the descriptions. The different social entrepreneurs could rethink and redirect their social business ideas for the well-being of the public [5,6]. Moreover, comparing and contrasting Canadian social economic organizations with Bangladeshi social economic organizations/initiatives could help respective countries to get ideas, policies,

and lessons from each other, and each can develop/ improve his/her respective initiatives in both countries.

### **Why is there a need to Study Bangladeshi MFIs and Social Businesses Organizations and Compare them with Canadian Social Economic Organizations?**

In Canada, many social economic organizations (SEOs) are receiving government funding [8,21,28,29,30] like Canada Community Futures Development Corporations, Community Development Corporations (CDCs) Quebec, Canadian Health Network, Canadian Institute for Health Information (CIHI), Canadian Alternative Investment Co-operative (CAIC), and Canadian Community Investment Network Co-operative (CCINC). Social economy organizations are more prevalent in Quebec than in the rest of Canada and have been operating for a long time [9,31,32]. Many Canadian SEOs are combinations of private and public sector organizations and foundations. Although Bangladeshi MFIs have to survive from their investments; however, many NGOs like BRAC, ANNESHA, Nejera Kori, Community Satellite Clinics, Women for Women, CARE-Bangladesh etc organizations depend on external donors funding like CIDA, SIDA, NORAD, US-AID, World Bank for education, health, environment, relief and other services to Bangladeshi people. Many NGOs currently charge fees for their services to cover some of their costs. The following are some of the social economic organizations in Bangladesh: Grameen Danone and Grameen Mosquito Nets- social hybrid businesses earning revenues from selling their products at cheaper prices in Bangladesh [5-7]. While the Government of Bangladesh is committed to the aim of faster economic growth, but the strategy is sometimes slowed down by fundamental problems like politically instability, poverty, natural calamities, bureaucracy and corruption [7]. The culture of loan defaults by the rich entrepreneurs is a national concern in Bangladesh causing a burden on the banks. Most domestic companies in Bangladesh are family owned and are not listed on the stock exchange. It leads to the problem of a lack of transparency

in the management of businesses [7]. Moreover, in the 1990s, Bangladesh has been pursuing the principles associated with market economy, leaving behind the social economy. Although the private sector is making a contribution to their own capital, their social, ethical and environmental performance has raised concern in society [7]. The private sectors are maximizing profits through tax evasion, loan defaults and share scandals; they provide sub-standard goods to the market, creating health hazards for the people. Social Economic organizations can address the above mentioned issues in an accountable and transparent manner because the philanthropic mission is the first goal in addition to revenue generation commitment [33]. The third sector organizations are isolated from the mainstream policy process in Bangladesh, but in England the voluntary sector has built a formal representational and reporting institutional process framework [34]. However, in Canada, cooperatives and nonprofits have millions of members and manage millions of dollars every day. Social businesses put people before profit and are still economically viable [18,26]. Therefore Yunus, Quarter, Hall, Polany, and Putnam's (1996) idea of social business is not a utopian dream, but a viable alternative to organizing economic enterprises. [26,33,35]. Muhammad Yunus (2010) wrote a book on his new ideas called 'Building Social Businesses (2010) that talks about his hybrid social business Grameen Danone-a low cost fortified vitamin Yogurt project that addresses the issue of rural child malnutrition, Grameen Veolia Water- a social R &D project to address the crisis of poor drinking water and Grameen Mosquito-chemically treated nets for preventing mosquito bites. The Grameen Creative Lab at Weisbaden, Germany provides information about social business that incubates social businesses and supports the creation of new social businesses by others. This Grameen social business infrastructure provides the opportunity to use Grameen resources in helping to establish private sector multinational corporations to make hybrid social businesses in Bangladesh [6]. These hybrid organizational models, funding models and operational strategies are unknown to public, but this information is

very important to the social entrepreneurs, policy makers, private sector and public sector, who can benefit from these different organizational models, funding models, and operational strategies. Muhammad Yunus (2010) promotes the idea of a social stock market which has not yet been developed in Canada or in Bangladesh, but exists in India [6]. The social stock market can assist social economic business organizations to get funding for their social businesses with less interest or without interest. Hence a policy dialogue is needed among government agencies, the private sector and social economy organizations. As social economy organizations in Canada have clearly been identified, the SEOs have interactions with the public sector; this type of interaction is necessary in Bangladesh. In Canada at the federal level there has been a Secretary for the Social Economy since 2004. They are lobbying for the federal budget to include social economy programs resulting in \$100 million donors allocated for SEOs capacity building. In the United States, a coalition of more than 80 social entrepreneurs called America Forward, under the leadership of New Profit Inc., working with the Centre for American Progress, put forward a set of policy ideas that led the Obama administration to create a White House Office on Social Innovation and Civic participation and to support an innovation fund, congress appropriated \$50 million in seed capital. However, this kind of public funding for social businesses is limited in Bangladesh. Therefore, there are no social economy R &D projects in Bangladesh. However, there are many research projects conducted in the public and private sectors about the impact of micro-finance institutions in Bangladesh [19,20]. The Canadian nonprofit sector was second only to the Netherlands, with a paid staff and voluntary workforce that accounted to 11.1% of the economically active population, 16% of all non-financial cooperatives in Canada and account for 11% of total revenues [36]. Hospitals, universities and colleges are included within social economy as well as business and professional associations, unions and places of worship. In Ontario there are more than 46, 000 social economy organizations whose collective total

revenue was approximately \$56.2 billion for 2007. 1% of these organizations account for \$19.8 billion of these revenues. Ontario social economy organizations rely on the paid labor of over 970,000 full-time and part time staff and the unpaid labor of 7.8 million volunteers. Cooperatives are organizations that are owned by the members who use their services or purchase their products. They are working in different sectors in Canada like housing, childcare centers, financial services (credit unions, insurance, renewable energy, social services, arts, and culture, retail sales and in agricultural goods and services. There were 5,753 non-financial co-operatives, with 5.6 million members, 85,073 employees, \$27.5 billion revenues and \$17.5 billion assets. 12 million Canadians are associated with cooperatives; there are 1,140 credit unions with 3,400 service locations, 10.5 million members, 64,600 employees and 248.8 billion in assets. Financial co-operatives transact 12.7% of the Canadian financial GDP for the financial sector [2]. The co-operatives have contributed to the well-being and economic growth of Quebec [2]. Desjardins, a credit union in Canada is a successful financial credit union working across Canada. In Bangladesh, on the other hand, the system of cooperatives is very weak. In Bangladesh there are no private daycare centers, private sports centers, or public shelters. However, Comilla Cooperatives in Bangladesh was world famous in the 1960s. Its model was replicated rapidly in Bangladesh in the 1970s and early 1980s by the government before it drifted away from its mission. Today, Arang, Karu Palli, Nari Prabatana Shops collect embroidery products, handmade toys, souvenirs from the rural poor women that create some employment opportunities, but they are running under the shadow of BRAC and BRDB and NariPakka.

### Methodology

The researcher will collect the lists of different social economic organizations-MFIs, Cooperatives, NGOs, INGOs, social businesses, Trade Unions, Foundations/Trusts, community economic organizations, commercial non-profits, charities (formal and informal), and relief organizations from the respective

organizations apex/networking offices, associations/bureau offices and directories. The researcher will visit each category of respective organizations and collect their brochures, an organizational memorandum of incorporations, annual reports, articles and books (if any). The researcher will meet with the management of these organizations to learn about their financial structures, funding sources and challenges they are facing. After collecting all these materials, the researcher will review the information, classify organizations as per above defined categories of organizations and write the paper. The research study paper will contain the following chapters: the introductory chapter will describe different social economy type organizations and common definitions, the second chapter will describe the different organizational innovation backgrounds and how the mission of the organization changes over time, the third chapter describes the legal framework of the organizations, the fourth chapter will describe funding sources, financial structures and the financial constraints/challenges they are facing, and the fifth chapter will compare and contrast Bangladeshi social economic agencies with Canadian social economy organizations. The data collection will start from September 2011-August 2012 in Bangladesh. The draft will be written in Bangladesh from September 2012- March 2013. Canadian social economy organizations of each category will be studied from April –July 2013. The final draft of the study will be completed by April 2014. The researcher will do this research under the close guidance and in correspondence with Professor Jack Quarter, Founder and Director of the Social Economy Center, University of Toronto.

### Compare and Contrast

Over the past two decades, social entrepreneurs in Bangladesh have increasingly employed business strategies to address problems and generate revenues. For example in the mid 1970s, while Yunus and Abed were drawing attention to the potential of social enterprise in Bangladesh, Ed Skloot of New Ventures and Jerr Boschee of the National Career for Social Entrepreneurs were advancing this model for a achieving

impact and sustainability in the United States [4]. From the Grameen Bank and BRAC in Bangladesh, to Shorebank in the United States, to the Self-Employed Women's Association in India to VanCity in Canada; there are many other organizations who have achieved dramatic results through nonprofit social business and hybrid enterprises [2,6]. Social entrepreneurs are more talented than ordinary businessmen who have created the rural jobs in Bangladesh. In this context, organizations like the Grameen Bank, BRAC, Ashoka, Teach for America, City Year, The Harlem Children's Zone—demonstrate new possibilities and potentialities to renew hope and optimism at a societal level. [4]. The social economic organizations in Canada are part of broader Canadian society and are contributing to Canadian social economy. However, in Bangladesh, many micro-credit social businesses (other than Grameen, BRAC, ASA etc) are facing challenges to achieving their vision for social change.

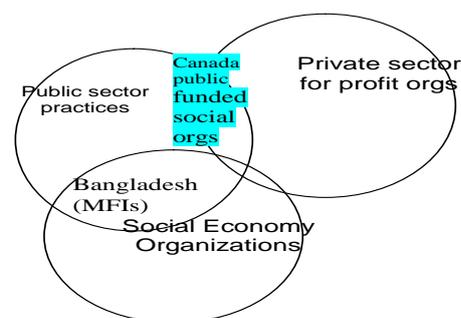
Different countries have different forms and legal structures of nonprofit organizations. For example, the Johns Hopkins Comparative Nonprofit Sector Projects in the USA are organized, private in nature, self-governing, nonprofit distributing-not returning profits to their owners or directors and require voluntary participation. In Bangladesh, some social organizations receive funds from the government or external donors, but many now move to MFIs institutions as donations are scarce like BRAC, and ASA, RDRS Bangladesh. They are growing, but MFIs as social economy agencies in Canada are not as popular as Canadian farmers' cooperatives, and Canadian Credit Unions. Hence, the present study will look at why MFIs as a social economic business is popular in Bangladesh, and why MFIs are not serving in scale in Canada. Social businesses and social economic organizations emerge in response to needs and learn to efficiently meet the social and economic needs of the marginalized people [5,6]. Policies that promote the emergence of third sectors are important for the development of social economy. Canada opens up and encourages dialogue and collaboration, but they have to adopt flexible governance. Governments need new mechanisms to seed and grow social

innovations. Social economists demand increased access to finance, support for research and development, and greater access to new markets. Bangladesh needs social economic institutions that care more about solving social problems than becoming personally wealthy [37]. A nonprofit organization is a club, society or association that's organized and operated solely for social welfare, civic improvement, pleasure or recreation, or any other purpose except profit. Humboldt California Foundation (2009) defined it as a self-governing organization-including a corporation without share capital, societies or trusts, but also unincorporated associations-formed not for private gain but for public or mutual benefit purposes. A Statistics Canada survey (2003) estimated that there were 161, 000 nonprofit corporations and trusts in Canada with \$112 billion of revenues, 139 million memberships and about two million employees [38]. They all add 7.1% to Canada's GDP [50]. In Bangladesh there are more 10,000 NGOs/MFIS/charities- small, medium and large in scale. Many of them depend on external funds and membership fees. The small scale NGOs (serving 50, 0000 clients) include Shapla Neer- Bangladesh, Nijera Kori, Dhaka Ahania Mission (DAM). The medium size (less than 1 million) include Care Bangladesh, Oxfam Bangladesh, Plan Bangladesh, Assistance for Slum Dwellers (ASD) etc. are providing their services by receiving external funding. All of them are social development organizations. However, some are social business organizations like Christian Commission for Development in Bangladesh, Anesha, Dushtha Shasthya Kendra (DSK), Gono Shasthaya Kendra that receive small fees for their services from their clients, but they also receive funds from donors. Big social business organizations like Grameen Bank, BRAC, ASA, Rangpur Dinajpur Rural Service (RDRS) and many other MFIs are providing micro-credit to the poor people and earn income from their loan investments. The Grameen Bank housing loan program supplies loans and building materials for cheaper prices to borrowers. It received a housing award from Aga Khan Award in 1994. Social entrepreneurs earn profit through social enterprises. The social entrepreneurs are cleantech, greentech. A social Purchasing Portal (SPP) is an Internet accessed business to business database that connects socially

responsible companies in Canada [39], which has not yet been developed in Bangladesh.

## Literature Review

According to Quarter et al. (2009) the social economy is a bridging concept for organizations that have social objectives central to their mission and their practice, and either have explicit economic objectives or generate some economic value through the services they provide and the purchases that they undertake. The majority of social organizations are charities in Canada. Moulaert & Ailenei (2005) termed it a form of mobilizing economic resources towards the satisfaction of human needs. The SEOs have democratic principles of one member/one vote with very high participation rates. It is serving the public as well as mutual associations and cooperatives, making connections to people and to the communities [2]. Social economy organizations like micro-credit institutions, community economic organizations, NGOs, and social businesses are becoming models for the whole world [2,5]. In Canada and many other countries, various social economic business models were invented that better serve the disadvantaged community people in economic way, democratic way [40]. These organizations created huge employment opportunities in these two countries. Social entrepreneurship has many societal impacts [41,42]. Not-for-profits/NGOS, civil societies, non-profit organizations (NPOs), self-help groups, Solidarity Economic etc. organizations belong to the category of social economy because they are performing social and economic objectives under different frameworks, different strategies and different funding models [2]. These social economic organizations are very important because they are working in opposition to multinational corporations and private sectors who work in profit maximizing exploitative market [2,4,7,43]. The figure below diagrammatically describes the intersection between the private sector, public sector and social-economic organizations three areas. The common characteristics of the social economy organizations include social mission, social ownership, volunteer/social participation, and civic engagement.



**Fig.1: Common characteristics of the social economy organizations**

According to Muhammad Yunus (2010) the social business is a cause-driven business. The company must cover all costs and make revenue, at the same time and at the same time achieve a social objective [6] such as, healthcare, housing or financial services for the poor, nutrition for malnourished children, providing safe drinking water, introducing renewable energy, etc. in a business-like way. According to Peredo & McLean (2006), the social entrepreneurship allows the entrepreneur to balance the interests of many people and remain true to the mission in the face of moral intricacy [44]. Social entrepreneurs excel at recognizing and taking advantage of opportunities to deliver, in a superior way, the social value they aim to provide. Social entrepreneurs show the risk-tolerance, innovativeness, and pro-activeness displayed by commercial entrepreneurs. Social entrepreneurs have “social value” i.e. contribute to the well being of a given human community. However this definition does not allow for wealth creation. Even some (The Northland Institute) say that social entrepreneurs do not necessarily even need to make money, they just need to find different ways of delivering services, even if they don’t charge anything. Not for profit (NFP) organizations taking this route are often described as “hybrids”. An example of this is the Grameen Bank in Bangladesh and other microcredit lending agencies. Their aim is to improve the aim of their clientele and profits are used to increase lending capacity” [6]. The Bangladesh Rural Advancement Committee (BRAC) not only supports the foundation of agricultural and credit ventures to empower poor people to support themselves; it has set

up revenue-generating enterprises-BRAC Printing Press, BRAC Cold Storage and BRAC Garments Factories to generate profits that will support core operations. Non profit organizations can also partner with for-profit organizations. The innovations of civil societies have successfully involved the government as a financial contributor and as an institution that enables policies towards social economy organizations. According to Bornstein and Davis (2010) social entrepreneurship is a process, a way to organize problem-solving efforts. It has blended social and economic values [4]. Social entrepreneurship represents fundamental reorganizations of the problem solving work of society- a shift from control-oriented top down policy implementation to responsive, decentralized institution building. They provide services and do businesses with the bottom of the pyramid. They are do-gooders, many exert self-sacrifice. Social economy organizations encompass the full range of human needs and interests [2, 6]. They provide opportunities for economic development and solidarity in the community. According to Mendell & Neamtan, (2010) social economy is a process of re-engaging government in new ways and working across boundaries to participate in new policy design. For example, the Bangladesh Ashraon Housing Project has been funded by the public sector. Social economy involves the co-construction of new ideas and approaches arising out of a multi-stakeholder dialogue (Mendell & Neamtan 2010). Schugurensky & Mccollum (2010) mention that in Canada and internationally, the social economy makes a significant contribution to the social, economic, cultural and environmental well-being of communities. The Human Resources and Social Development in Canada (2005) acknowledges that 'the government of Canada is just beginning to understand the power and potential of social economy enterprises and organizations' [45]. Another form of economic cooperation between social economy organizations is through social purchasing portals [2], a marketplace for organizations providing goods and services. Social economy organizations support each other by buying goods and services through social purchasing [2]. In Canada, Farmers Cooperatives are

organized to lobby for their products, rights and to link their products to the local and the international markets. Mondragon is Spain's largest workers cooperative with a number of integrated functions including manufacturing, banking, and education. It is interesting to note that the evolution of Mondragon includes the formation of an educational institution, which is closely linked to the human resource needs of both manufacturing and service cooperatives within Mondragon [46]. Rothschild J, Russell R (1986) and Quarter (2000) also indicate that government or state support is important for organizations in maintaining democratic and participatory practices [2]. Since in many cases social economy organizations are dependent on government funding, there is a shift towards project-based funding and away from core operational funding. There is a lower availability of operational funding that is utilized for steady long-term employment positions. The shift towards project based funding will weaken the ability of many organizations to sustain participatory practices. Social economy has been renamed as the 'Third Sector'-as they may produce and market services and employ people (Elson P. (2010); Mook Quarter and Ryan (2010); Schugurrensky D, and McCollum E. (2010) regard these agencies as alternative genuine economics, real economy. Sharage and Fontan (2000) argue that a social economy implies a basic reorientation of the whole economy and related institutions. The Economic and Employment Summit in Quebec in 1996 defined social economy objectives as serving members and the community. Here, SEO management is independent. Here, stakeholders participation, empowerment, individual and collective responsibility are key values. The Human Resources and Social Development Canada (HRSDC, 2005) defined the social economy as a grass roots entrepreneurial, not-for-profit sector, based on democratic values that seek to enhance the social, economic conditions of communities and focus on their disadvantaged members. The Waton Council, Belgium, termed it 'social market economy'. According to, Canadian nonprofits are institutionally separate from government, they are self-governing, but incorporated with governments. These social

entrepreneurships have a “double bottom line” meaning they place equal emphasis on profit and social benefit [47] Jill Sperandio (2005) studied BRAC, Society for Lowest Urban Mass (SLUM), The ASHA project-British Philanthropy project, and Bright Stars Project in Bangladesh and regarded them all as social business NGOs. According to Peredo & Chrisman (2006) *they are based on available community skills, multiplicity of goals*- economic, social and environmental benefit and will be directed by profits, but dependent on community participation [48]. However, there are challenges for CBEs like maintaining a balance between individual and collective needs, and among economic and social goods.

### Biographical Information on the Researcher

The researcher Kazi Abdur Rouf is a PhD candidate of the University of Toronto. Currently he is researching the “Grameen Bank Women Borrowers Private Space and Public Space Development in Patriarchal Bangladesh” under Professor Jack Quarter, the Founder of the social economic center, University of Toronto. Rouf has worked in several microcredit programs, Small and Medium Enterprise (SME) and women’s development in different countries like Grameen Bank Bangladesh, UNDP, Namibia, Lesotho, UNHCR Afghanistan, Pakistan, Philippines, India, USA and in Canada [49-55].

### Why I Have Chosen This Research

I have worked in the micro-credit discipline and social business organizations in many countries and I find micro-credit programs have an amazing positive socio-economic impact on the lives of marginalized people.

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Moreover several studies highlight the fact that Grameen Bank microcredit, Grameen Danone, BRAC and ASA, Nijera Kori in Bangladesh and Vancity, Maytree Foundation, The Harlem Children’s Zone in Canada as social business organizations, social economy organizations, cooperatives, credit unions, NGOs and nonprofit organizations have contributed both socially and economically to people. These new organizations are balancing the private sectors monopoly on maximizing profits and public sectors bureaucracy in the world [2,4]. This new emerging ideology fascinated me to conduct research in the social economy field that can help me gain insight into social businesses as well as benefit social entrepreneurs to get ideas from this research paper.

### Contribution

I have worked with Nobel Laureate Professor Muhammad Yunus, the founder of Grameen Bank in Bangladesh who has encouraged me to conduct social business research in Bangladesh and Canada. My working experiences in community-based GB micro-credit programs, SME projects, Comilla cooperatives, Credit Unions in Canada, Good Faith Funds in USA and theoretical knowledge of social economy development through using micro-credit and social businesses can contribute to fostering equitable human social development specially in Bangladesh, Canada and USA. The findings of this research will be important for other micro-finance institutions, social entrepreneurships, community development organizations and many other social economic organizations in Bangladesh and elsewhere.

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