

Lo Yunus Social Business Centre dell'Università di Betlemme e il suo ruolo nel promuovere social business in Palestina

The Yunus Social Business Centre at Bethlehem University and its role in promoting the development of social businesses in Palestine

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Abstract

Lo sviluppo e il supporto alla diffusione del modello di Social Business in Palestina è un'opportunità per la crescita economica palestinese. Il professor Yunus identifica il social business come una forma di imprenditoria sociale adatta a crescere sia nei paesi ad alto reddito sia in quelli in via di sviluppo. Un'impresa sociale è un'impresa che crea reddito per i poveri o fornisce loro prodotti e servizi essenziali. Funziona come un'impresa tradizionale, ma ha un obiettivo sociale o ambientale. A differenza di un ente di beneficenza, può produrre profitti che dovranno essere reinvestiti interamente nell'azienda, il che significa che i profitti vengono utilizzati per garantire il raggiungimento dell'obiettivo sociale.

The development and support to the spread of the Social Business model in Palestine is an opportunity for Palestinian growth. Professor Yunus identifies it as a form of social entrepreneurship suitable to grow both in developed and developing countries. A Social Business is an enterprise that creates income for the poor or provides them with essential products and services. It operates like a traditional enterprise but has a social or environmental objective. Unlike a charity, it can produce profits that will have to be reinvested entirely in the business, meaning that the profits are used to ensure that the social objective is achieved.

The lack of a clear legal definition in the Palestinian social enterprise ecosystem leads to confusion about the enterprise's orientation towards its social mission and economic sustainability. The lack of entrepreneurial capacity and the difficulty to access financing is due to the absence of confidence in these sustainability models¹. These aspects highlight a still emerging sector and create a fertile ground for developing a new business model defined as Social Business². These opportunities were recently seized in Palestine. On 28th July 2017, Bethlehem University and the Yunus Centre signed a Memorandum of Understanding in Dhaka, through which the Faculty of Business Administration of Bethlehem University undertook to create a Yunus Social Business Centre (YSBCBU). It is the first social business centre in the Middle East accredited by the Yunus Centre in Dhaka (Bangladesh). The partnership is also supported by the University of Florence and VIS (International Voluntary Service for Development), an Italian NGO working in the field of economic development. The YSBCBU is an operational arm of the School of Business Administration; any profit deriving from its work is reinvested in its activities to promote Social Business in Palestine.

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The Centre aims to promote Yunus' vision to alleviate poverty by implementing the concept of Social Business. It provides strategic support and incubation and acceleration services for start-ups that want to become real Social Businesses. The YSBCBU carries out research activities related to Social Business in Palestine, it is also committed to developing a multi-annual Social Business Action Plan, it carries out awareness-raising activities on Social Business within the private sector, public institutions, and among Palestinian students³. The Centre is involved in consulting activities for companies that want to expand their social business activities and create partnerships with other Yunus Social Business Centres and Social Businesses worldwide. It trains researchers, consultants, and professors at Bethlehem University. It also teaches scouts in preparation for social business workshops in high schools and universities. Capacity-building activities are carried out in collaboration with the Yunus Social Business Centre in Florence and the Yunus Social Business Lab in Pistoia⁴. It deals with activities to promote visibility, such as an annual social business plan competition. It currently supports a three-year development project, entitled "Start Your Business!" whose lead partner is the Italian NGO VIS. This project is funded by the Italian Agency for Development Cooperation (AICS) and co-funded by the Swiss Foundation FAI (Fondation d'Assistance Internationale). It aims to promote sustainable and inclusive economic growth in Palestine through the development of a favourable Ecosystem for the creation of new start-ups, traditional and social businesses in Bethlehem, East Jerusalem, Hebron, Ramallah, Tulkarem, Jenin, and Jericho.

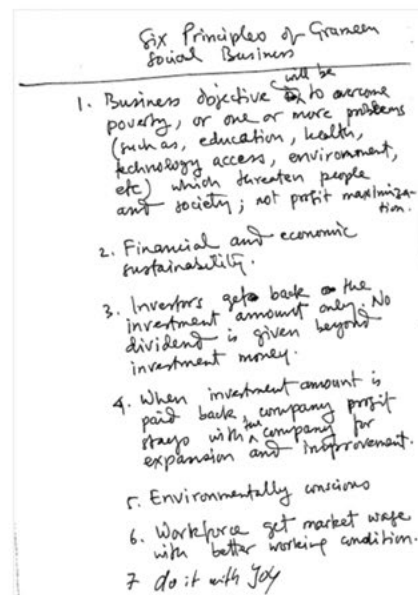
The development and support to the spread of the Social Business model in Palestine is an opportunity for Palestinian growth. Professor Yunus identifies it as a form of social entrepreneurship suitable to grow both in developed and developing countries. A Social Business is an enterprise that creates income for the poor or provides them with essential products and services. It operates like a traditional enterprise but has a social or environmental objective. Unlike a charity, it can produce profits that will have to be reinvested entirely in the business, meaning that the profits are used to ensure that the social objective is achieved⁵. This concept is based on a precise definition of the model, which must not be confused with the more general social enterprise idea. As explained above, Social Business is based on clear principles that shape its operation⁶. It must have as its primary objective the overcoming of poverty or one or more problems that afflict the Society in which it develops, the economic and financial sustainability of the activity must be guaranteed. A Social Business has both investors and owners, which do not obtain profits, dividends or other forms of economic benefit⁷. Social business must also focus on environmental problems and

guarantee better working conditions than standard and fair wages⁸. This form of enterprise's specificities and the principles that shape and delimit it identify a single standard international definition of what Social Business is and how it should operate. The introduction of this model in Palestine could generate greater clarity for entrepreneurs about the necessary dynamics to pursue their social or environmental mission. This might take place through the development of an entrepreneurial activity that, by nature, reinvest its profits into the evolution of the enterprise itself. This encourages greater trust from the stakeholders, as they know precisely what business model they are dealing with. They may also be motivated by the size of social or environmental change that Social Business intends to achieve in the community. Moreover, the pursuit of economic self-sufficiency is a crucial element in attaining stakeholders' trust.

Social Businesses operate like any traditional business; they carry out their activities within the capitalist system. They must find a way to sell their products and services to cover costs and possibly produce additional revenues that can be reinvested in the company to expand its activities. Like any traditional business, they have to deal with financial problems, recruitment of talented personnel, marketing, management problems, and expansion goals⁹. However, lack of possibility of financial gain for investors, due to the reinvestment of profits in the company, makes a Social Business more stable than a traditional business. The lack of a link between the investors and the share price means that, in times of economic difficulty, investors will be less inclined to leave the company¹⁰. This has a substantial impact on the life of a Social Business, allowing planning for the long term the achievement of the social or environmental objective. This also promotes a more transparent management of the activity, compared to a management scheme looking at the earnings' needs of the investors, typical for traditional companies¹¹. As noted, the Social Business must be able to attract talented staff and management. Often these individuals are discouraged from social enterprises because of the widespread notion that their orientation towards helping people involves appealing to benefactors who are willing to sacrifice their interests for the good of the Society¹². This is not the case in Social Businesses; they aim to offer as competitive working conditions as the for-profit sector, attracting talents in the same labour market, offering competitive wages and benefits¹³. This is made possible by the greater economic stability that this business model requires compared to traditional non-profit organizations. Economic self-sustenance makes it unnecessary for people who are willing to sacrifice their interests for those of the company, but rather for human resources who can make a free choice between a position in a for-profit company or Social Business – with objectives of social or environmental change – on equal

Seven Principles of Social Business

1. Business objective will be to overcome poverty, or one or more problems (such as education, health, technology access, and environment) which threaten people and society; not profit maximization.
2. Financial and economic sustainability
3. Investors get back their investment amount only. No dividend is given beyond investment money
4. When investment amount is paid back, company profit stays with the company for expansion and improvement
5. Gender sensitive and environmentally conscious
6. Workforce gets market wage with better working conditions
7. ...do it with joy



The seven principles of Social Business elaborated by Prof. Mohammad Yunus, Peace Prize Nobel Laureate 2006 and Founder of Grameen Bank. On the right side of the figure, the original manuscript written by Prof. Yunus.

terms¹⁴. Once this fundamental requirement has been met, personal rewards for employees in a Social Business are usually greater than in traditional companies. The most significant benefits are identified in the people's ability to contribute to social or environmental change in their community, with equal tasks and economic conditions as in a for-profit business, which is primarily aimed at satisfying the interests of the investors or the entrepreneurs¹⁵.

This organizational model is open to all market operators: companies, foundations, individuals and governments, and any type of economic or social entity¹⁶. Social Business is aimed at solving social or environmental problems that were initially under responsibility of the governments. At the same time, governments can manage Social Businesses or collaborate with them. This social model allows businesses, individuals, and the civil society to access a form of business to solve a social or environmental problem, with no need to wait for public intervention, which may be delayed or even impossible. Governments usually try to solve social issues with taxpayers' money, but this is limited to available resources.

On the contrary, Social Business can expand and create a continuous social impact¹⁷. As it was noted, in Palestine, the dependence on international aid and its fluctuation, the highly bureaucratic public sector, structural unemployment, fiscal shock, together with profound political instability and the Israeli occupation, limit the ability of the Palestinian Authority to respond to people' social needs.

The presence of unsatisfied social needs, high unemployment levels, and a negative trade deficit make it necessary to develop a private sector to meet the Palestinian population's needs, absorbing structural unemployment, meeting social needs internally, and reducing excessive dependence on imports¹⁸. So far, the solution to governments' difficulties in responding to the needs of the population has been identified by the concept of privatization, which involves handing over public property to private individuals that pursue personal interests. Social Business is a new way for some government activities to combine the advantages of business activities, such as creativity, innovation, and energy, with governments' typical social mission¹⁹.

The development of Social Business activities in Palestine represents an opportunity to fill these gaps, thanks to its ability to ensure self-economic sustainability, competitive working conditions, and the ability to emerge and develop through products and services aimed at responding to local needs, with a particular interest to vulnerable groups. It can represent an opportunity to improve local development and strengthen the Palestinian Society, favouring sustainable development. Social Business could also be a reasonable opportunity to deal with foreign policies for international aid. For example, an NGOs, like any other non-profit organizations, can own a Social Business, so donations can be used as an investment to launch this type of activity. Over time, this activity will pay back the organization's investment, and this can be re-used in other

initiatives. Social Business, when based on the use of loans instead of grants, might also favour a more efficient aid²⁰. In order to be more effective, it will be crucial to move from an Entrepreneurship Ecosystem to an Enabling Ecosystem for Social Enterprises and Social Businesses. So far, there is not a specific law that regulates and supports Social Business, and the YSBCEBU, together with many other institutions, is lobbying the Palestinian Ministry of National Economy and the Ministry of Economic Empowerment and Entrepreneurship, to dedicate a specific chapter of the upcoming new Company Law to Social Enterprise and Social Business.

Entrepreneurs might open a non-traditional business at this stage mainly because they are already committed to promoting a more sustainable economic development and because they feel responsible in front of the community where they are operating. This is probably not sufficient, and Advocacy and Lobbying activities will be one of the main priorities of the YSBCEBU, together with the dissemination of success stories, like IRIS Solutions.

Iris Solutions is a social enterprise that aims to improve the quality of lives of the most vulnerable people, through interactive and sensory technologies aimed primarily at individuals with autism spectrum problems, learning and behaviour disorders, post-traumatic disorders, and other developmental issues. It aims to create long-term change by fostering a more inclusive society, through an improved rehabilitation and education²¹.

Those kinds of Entrepreneurial initiatives promoted by groups of young people can significantly convince other Entrepreneurs to support a more sustainable economic development, either in the production field and also in the provision of advanced services.

Notes

¹ Valeria Lamberti, *The Potential of Social Enterprises in the Palestinian Context*, Master Thesis, University of Pavia, Supervisors: Prof. Marco Missaglia and Prof. Enrica Chiappero, 2020, p. 95.

² Muhammad Yunus, *Building Social Business, The New Kind of Capitalism that Serves Humanity's Most Pressing needs*, The University Press Limited, Dhaka 2013, p.1.

³ Salvatore Guida, *Implementing Social Business in Palestine: Opportunities and Threats of a New Economic Development Approach*, Master Thesis, University of Pavia, Supervisors Fadi Kattan, Gianni Vaggi, Luigi Bisceglia, 2017, pp. 36-39.

⁴ Ibidem.

⁵ Muhammad Yunus, *Building Social Business, The New Kind of Capitalism that Serves Humanity's Most Pressing needs*, The University Press Limited, Dhaka 2013, p. 1.

⁶ Ivi, p. 3.

⁷ Ivi, p. 2.

⁸ Ivi, pp. 2-3.

⁹ Ivi, p. 25.

¹⁰ Ibidem.

¹¹ Ibidem.

¹² Ivi, p. 86.

¹³ Ibidem.

¹⁴ Ivi, p. 87.

¹⁵ Ibidem.

¹⁶ Ivi, p. 22.

¹⁷ Muhammad Yunus, *Building Social Business - The New Kind of Capitalism that Serves Humanity's Most Pressing needs*, The University Press Limited, Dhaka 2013, p. 22.

¹⁸ Valeria Lamberti, *The Potential of Social Enterprises in the Palestinian Context*, Master Thesis, University of Pavia, Supervisors: Prof. Marco Missaglia and Prof. Enrica Chiappero, 2020, p. 100.

¹⁹ Muhammad Yunus, *Building Social Business - The New Kind of Capitalism that Serves Humanity's Most Pressing needs*, The University Press Limited, Dhaka 2013, p. 24.

²⁰ Ivi, p. 5.

²¹ <https://www.iris.ps/about-company/>.