

Professor Muhammad Yunus

Biography

Professor Muhammad Yunus was born on June 28, 1940, the third of 14 children, in Chittagong, Bangladesh. His father, a successful goldsmith, encouraged him to pursue higher education. After graduating from Dhaka University in Bangladesh, Professor Yunus received a Fulbright Scholarship to study Economics at Vanderbilt University in the United States, where he received a Ph.D. in 1971. While in the U.S., he also taught Economics at Middle Tennessee University. He returned to Bangladesh upon its independence in 1972 to serve as the Head of the Economics Department at the University of Chittagong.

1976 was a time of great challenges and hardship as the newly independent Bangladesh struggled to recover from a bitter war. With the economy in ruins, abject poverty was widespread – particularly in the areas around Chittagong. In this desperate environment, the young academic decided to implement an idea: to give the rural poor an alternative to the loan sharks that prey on desperately poor women. Following the success of an initial local experiment, Professor Yunus became confident that the model could work on a broader scale and went to set up microcredit projects in other parts of the country. Within seven years, the initiative took formal shape as the Grameen Bank in 1983.

Today, Grameen Bank has over 8.4 million members—97 per cent of whom are female—and has lent over US\$12.5 billion since its inception. In 2006, the Norwegian Nobel Committee jointly awarded the Nobel Prize in Peace to Professor Yunus and Grameen Bank “for their efforts to create economic and social development from below.”

Since 2006 Professor Yunus has focused on spreading and implementing the concept of Social Business—a business model that aims to solve social problems while staying financially self-sustainable. To date, there are more than 50 Social Businesses in operation in Bangladesh alone – some are the largest companies in the region. Professor Yunus currently chairs the Yunus Centre, a one-stop resource centre for all Grameen Social Business-related activities in Bangladesh and around the world. He has written three books about micro-lending and Social Business: “Banker to the Poor” (2003), “A World Without Poverty: Social Business and the Future of Capitalism” (2008) and “Building Social Business” (2010). Among Professor Yunus’ many awards and honours are the Independence Day Award (Bangladesh, 1987), the Presidential Medal of Freedom (USA, 2009) and the Congressional Gold Medal (USA, 2012). In 2009, *Forbes* named Professor Yunus one of its “10 Most Influential Business Gurus.”

Over the past years, Professor Muhammad Yunus has taken the experience and expertise gained from the success of the Grameen Bank, to introduce a new business model -- Social Business. A Social Business (SB) is a non-dividend company created to solve a social problem. Like an NGO, it has a social mission and like a firm it generates its own revenues to cover costs. Investors may recoup their investment. All profits are reinvested for growth and innovation, or to seed new social business ventures.

Muhammad Yunus is married to Afrozi Yunus, a Professor of Physics at Jahangirnagar University, Savar, Dhaka.

He has two daughters, Monica and Dina.

Professor Yunus and The Nobel Prize

On October 16, 2006, the Norwegian Nobel Committee announced that it would award the Nobel Peace Prize jointly to Professor Muhammad Yunus and Grameen Bank “for their efforts to create economic and social development from below.” At that time, Professor Yunus had led the charge for micro-credit since 1975, arguing that poverty was an artificial creation that can be wholly eliminated through human endeavour. The Committee commended Professor Yunus, stating, “Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Microcredit is one such means. Development from below also serves to advance democracy and human rights.”

That December, Professor Yunus travelled to Oslo to receive his award along with nine women from the villages of Bangladesh elected to represent Grameen Bank. Professor Ole Danbolt Mjøs, Chairman of the Norwegian Nobel Committee, said that this award focused attention on three increasingly important topics: engagement with the Muslim world, female empowerment and the fight for social and economic development. In fact, he said, “the struggle against poverty is work for peace of the first order.”

In his Nobel Lecture, Professor Yunus discussed the background of Grameen Bank as well as the future of poverty. He claimed that poverty is a threat to peace and confronting poverty is a fight for human rights. A stable peace, he said, must involve opportunities for people to live decent lives. While free market capitalism calls for one-dimensional profit-maximization, Professor Yunus promoted Social Businesses whose primary goal is to look for solutions to solve social problems. Human beings are infinitely creative and capable, and in the future, he predicts, poverty will only be remembered in museums. “I firmly believe that we can create a poverty-free world if we collectively believe in it,” he said.

Social Business

“A charity dollar has only one life. A Social Business dollar has endless life.” – Professor Muhammad Yunus

A Social Business (SB) is a company created for social benefit rather than private profit. Like an NGO, it has a social or environmental mission, but like a business, it generates its own revenues to cover its costs. Investors may recoup their investment. All profits are reinvested for growth and innovation, or to seed new Social Business ventures. Social Business aims to expand the current capitalist model by focusing on goals that serve society at large rather than personal profit. Financial sustainability is only a constraint to reach the social aim rather than an end in itself. Since SBs need to compete in the free market to provide their goods or services, they are inherently efficient in serving their social goal.