Innovative Approaches to Reducing Global Poverty
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Information Age Publishing, Inc.
Charlotte, North Carolina • www.infoagepub.com
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INTRODUCTION

“a privilege and an honor ... that gives us hope for the future”

James A. F. Stoner and Charles Wankel

We all know that poverty comes in many guises and is found in many places. It seems as though it will always be with us and perhaps it always will be. However, in a sense maybe it is more accurate to say that for us—the various authors, and you, the readers, of this book—it is barely with us, no matter how sensitive we might be as individuals, how empathic, sympathetic and caring our inherent nature’s may be, and no matter how much of our time is devoted to “fighting,” researching, and writing about poverty. Almost all of us who touch this volume have a relationship with poverty that is very different from the relationship that billions of others have. Poverty is “really with” those billions of people who may never hold in their hands a book as expensive and sophisticated as this one, or perhaps any book of any type over the course of a lifetime ... perhaps a very short lifetime for many millions of those billions.

The authors of the chapters in this book—maybe especially the authors of this chapter—have the good fortune and the blessed lives that allow them to seek ways to relieve the poverty that is such a burden for so many
but that does not impact us in the same ways. Yet, as one of the investing “sponsors” (sponsors is our word not theirs) in the social venture described in Chapter 4 says: “It is an honour and privilege for our foundation to work with Southwest Creations Collaborative…”, we suspect that for all of the authors in this book, it is an honor and a privilege to be able to make whatever contribution we can to reducing poverty wherever it exists. For the authors of this chapter it has certainly been an honor and a privilege to have the opportunity to start to begin to learn about the many varied approaches being taken in the many varied places discussed in the 10 chapters that follow.

We were reminded of many things as we edited these chapters. We were reminded that poverty is everywhere; that there are endless opportunities to contribute to its reduction; that productivity is a key—sometimes “the” key—to reducing poverty; that the number, scope, and variety of experiments with new types of social enterprises hold special promise for reducing poverty and perhaps for transforming all of society; that attempting to bring many of these innovative approaches into reality requires exceptional levels of commitment and energy; and that traditional for-profit companies have always been key contributors—perhaps “the” key contributors—to reducing poverty and that they may always be “the” key contributors even if so far they have only barely begun to make the contributions to reducing poverty that they are capable of making.

EVERYWHERE

Poverty is everywhere. One thing we were reminded of is that poverty is everywhere—not just in Bangladesh (chapter 6), India (chapter 3), and Kenya (chapter 5), but also in countries among the richest and most developed in the world—the United Kingdom (chapters 9 and 10) and the United States (chapter 4). In India the poverty is of the most severe kind, the poverty of Indian children who are HIV positive with active AIDS and the poverty of the 200-250 million “untouchable” Dalits,” 75-80% of (whom) subsist below the poverty line” (chapter 3). In New Mexico, poverty may take the form of women with children to support whose life situations yield “traditional metrics of education, English-language skills, and family obligations (that would normally make) them unemployable or unable to run their own business.” And whose “social status would normally limit their ability to provide for their dependents and lead to the cycle of poverty and societal isolation” that is often the face of poverty in more developed countries (chapter 4). In all of these places poverty is very real—very much “with” those who experience it day after day after
day. And if poverty is everywhere, there are endless opportunities to contribute to reducing it.

ENDLESS OPPORTUNITIES

The possibilities for creating and taking innovative approaches to reduce poverty are seemingly endless. The innovations for reducing poverty described in this book come in more sizes and shapes than there are chapters in the book (if the reader is generous enough with this chapter’s authors to be willing to add sizes and shapes together to get up to and beyond the number 10).

In terms of “sizes,” one set of innovations focuses on multinational companies (MNCs) and addresses the ways they can contribute to reducing poverty at a level that exceeds the nation state—reaching beyond national borders to see groupings of LDCs in terms that unconceal otherwise “hidden” regional markets they might otherwise be blind to—markets that are large enough to justify their making the investments and conducting the operations that can contribute jobs—and perhaps education and maybe even some social transformation—that reduce poverty (chapter 7).

At the other extreme, another innovation involves a very small not-for-profit factory whose purpose is to train otherwise unemployable women to the point where they can move on to a small for-profit factory which in turn gives 30% of its profits to support a small orphanage. The numbers involved are quite small. The orphanage cares for five HIV-positive children and the training factory has assisted less than a dozen untouchable women to trade the degradation and dangers of careers in sex work for the greater self-esteem, work/life opportunities, and physical security that occur in a transition from prostitution to working in a for-profit manufacturing company (chapter 3).

In between these two examples in terms of size lie two other innovative organizations. One is the Kenya Women’s Finance Trust (KWFT)—a Kenyan microcredit and business support institution, whose 80,000 small loans every year may impact moderately directly the lives of well over a million individuals (chapter 5). The other, the Bangladesh Extension Education Services (BEES) in chapter 6, provides similar financial and managerial/agricultural-expertise support mainly to small farmers and may have very similar levels of impact on poverty and on the lives of those farmers, their families, and their communities.

In the terms of “shapes,” the innovations include such things as changing the ways MNCs see their own worlds (chapter 7), providing financial assistance and technical/managerial support to farmers and nascent busi-
nesswomen and men (chapters 5 and 10), and experimenting with new and perhaps evolving organizational purposes, forms, structures and processes (chapters 2, 3, 4, 5, and 6). Sometimes well-known public figures are key players, like Bono, Ali Hewson, and Rogan Gregory who are involved in creating jobs in Sub-Saharan Africa (chapter 2). Sometimes things as seemingly ordinary and traditional as small businesses and retail stores are the focus and are seen as often making significant contributions to the reduction of poverty, with—perhaps—the potential to make even greater contributions in the future (chapters 9 and 10).

POVERTY AND PRODUCTIVITY

We do not recall when we first heard a saying we attribute to Peter Drucker along the lines of the task of reducing poverty is not about making people rich, but—instead—about making them productive. (One of this chapter’s authors thinks he may have first heard it in East Africa in the very early 1960s.) The theme of enabling people to escape poverty by becoming more productive recurs in many of these chapters. Southwest Creative Collaborations (SCC) has developed an innovative and very inexpensive set of social support systems that combine with other activities and a powerful social/business philosophy to enable unemployable women to become very productive and very reliable workers (chapter 4). Edun (chapter 2) seeks to create new products and brands so it can increase its ability to offer jobs in impoverished parts of Africa and it exists in the first place only because the founders wanted to develop a vehicle to create such jobs—a social mission that was in search of a business to be involved in. That same theme of creating jobs so people can be productive to escape poverty is heard in the candle factory-manufacturing company-orphanage in Pune, India (chapter 3). And, to some extent, it is easy to hear that message in the Bangladesh (chapter 6) and Kenya (chapter 5) institutions. That theme—the theme of “missions seeking businesses”—is, perhaps, the defining nature of social enterprises.

SOCIAL ENTERPRISES

The authors of at least 4 of the 10 chapters have found social enterprises or social ventures particularly exciting vehicles for reducing poverty. All four of the chapters have at least some elements of organizational experimentation with new ways to conceptualize and bring social enterprises into being. In some of the chapters the innovation in organizational form is a very major theme, in some it is more muted. However, all of those
chapters communicate the message that today much of the “social enterprise action” is about seeking to create bold new models that can become “scalable”—that can be used many times over in many different situations. And that “action” often seems to include the willingness to fail in hopes that the “failures” are really experiments that can create learning steps for future experiments in organizational form—steps that will eventually lead to organizational innovations that can be replicated in many many, many locations and industries.

In chapter 1, Easterly and Miesing provide a thorough discussion of the nature of, possibilities offered by, and challenges facing social ventures. Their views are echoed by Smith and Barr in chapter 2 when they discuss the roles of social entrepreneurship in reducing poverty, and then introduce Edun—the social enterprise founded by Bono, his wife Ali Hewson, and the New York fashion designer Rogan Gregory to bring employment to impoverished parts of Sub-Saharan Africa. An unusual aspect of that chapter is the fact that Edun and Smith and Barr’s university are actively collaborating on a brand extension of Edun’s product line for university students and their campuses.

In chapter 3, Cycyota and Volkland describe an experiment in organizational innovation involving three “intertwined” institutions committed to lifting disadvantaged women out of poverty and caring for children with AIDS. In chapter 4, Raman presents the philanthropy/for-profit business SCC whose raison d’etre is also to provide jobs for women who would otherwise be unemployable. SCC’s second purpose is to demonstrate that its way of doing business and creating social capital can make money. Making money is necessary for scalability in the large—for attracting purely or primarily profit-minded investors to these types of nontraditional “business enterprise.” It is clear from Raman’s writing that the social investors involved with SCC are seeking models that can be replicated—and that those investor’s goals are to find organizational forms and processes that will create social capital. As the SCC investor cited above said: The model they are developing is one that gives us hope for the future.

Although the terms social enterprises and social ventures do not appear in chapters 5 and 6, the institutions they present fit comfortably under that umbrella (if we are not too nit-picky in our definitions of social ventures/enterprises)—both of the poverty-reducing institutions described in those chapters are organizations whose purpose is to make a social contribution—to create social capital. They generate revenues not to enrich shareholders but to sustain and grow the institutions’ contributions to reducing poverty and to serving society. KWFT in Kenya and BEES in Bangladesh demonstrate how social enterprises influence other social enterprises. Both institutions have been influenced greatly by the ideas and work of BEES’ neighbor Muhammad Yunus. Their institutions are
very similar in many ways, and deeply influenced by the Grameen Bank microcredit movement that emerged from his pioneering work.

**COMMITMENT, ENERGY AND PERSISTENCE**

*Bringing these innovative approaches into being requires exceptional levels of commitment, energy, and persistence.* All of the organizations described in this book have required exceptional levels of commitment from many individuals, and sometimes institutions, to survive. The two institutions presented in part II of this book are placed there to create a section of the book emphasizing “bumps in the road” because their survival stories are particularly rich. The Bangladesh Extension Education Services (BEES) survived the withdrawal of the financial and expert/managerial support of its initial founder when the founder’s own strategy and overseas mission changed. BEES survived only because of the personal and financial sacrifices of some of its Bengladeshi members and their ability to innovate the organization into a new persona (chapter 6).

When the new leader of the Kenya Women’s Finance Trust came into the organization’s office, what she saw “was shocking, papers strewn everywhere on the floor and dust on the walls. The worst sight was that of the employees. Everybody in the office hung their heads and looked at me like ‘just another passing MD (Managing Director)!’ The dusty records … revealed that the institution was in great debt.” Just as she was “coming to terms with the shock” a major donor institution demanded (and received) the transfer of the KHSH 840,000 remainder of its grant to another institution because it had given up on KWFT, as had all but two of the sponsoring organizations (chapter 4.) The survival of both of these institutions, and all of the other ones presented in this book, have required exceptional commitments and “stick-to-it-ness” from their key members and supporters.

**NOT JUST SOCIAL ENTERPRISES**

As enthusiastic as some of the authors are about the roles social ventures can learn to play in reducing poverty, companies in the for-profit private sector—seeking to achieve traditional economic success—are also seen as major contributors to the reduction of poverty. The final set of chapters, composing part III of this book, opens with a compelling engagement by Heslam in chapter 7 with the role commercial businesses can, should, and perhaps even “must” play in reducing poverty. Their business interest can be served, Heslam argues, by their social interest, and visa versa. Such businesses should therefore be considered part of the
solution to poverty, rather than merely as part of the problem. Lyon and Bertotti and Whysall in chapters 9 and 10 remind us that poverty also exists in disadvantaged parts of developed countries and argue for the roles that are being played or can be played by small businesses and by the retail sector in the United Kingdom. Lyon and Bertotti present and test out a method for determining how much or how little contribution to reducing poverty private businesses of various types and under various conditions make. In offering a framework for predicting and evaluating the kinds and amounts of impact various businesses will have under various conditions, the provide the opportunity for a much more comprehensive analysis of the impact of businesses on disadvantaged areas.

Hipsher, in chapter 8, emphasizes the positive roles MNCs can play in reducing poverty by rethinking what constitutes appropriate markets, especially markets in small developing countries, again emphasizing the self interest—selfless interest combination. In these chapters on business, the reader may well be reminded of a major theme of many business and academic conferences in 2006-2007. Just two examples: The theme of the August 2007 annual meeting of the Academy of Management in Philadelphia is “Doing Well by Doing Good.” In coordination with that academy annual meeting, the Business as an Agent of World Benefit conference was held in Cleveland in October 2006.

Together, social enterprises and traditional businesses committed to reducing global poverty together can give us hope for the future.