



Management Research about Solutions for the Eradication of Global Poverty: A Literature Review

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Abstract

This article is a review of traditional literature about how business tackles poverty eradication and a later specific discussion of major issues in the research on business approach to poverty eradication. The article goes beyond traditional approaches to emphasize that although changing the observation angles can help scholars explore various sides of poverty, targeting poverty by one or some of its symptoms can not help break down the mechanism of interacting constraints locking poor victims deep inside. Sustainability of the business model and awareness of the poor are also two significant factors that should be taken into consideration. Moreover, the article argues and implies that research about business for poverty eradication should start from breaking free of established assumptions about poverty such as ‘bottom’ or ‘low buying power’, ensuring construct validity by capturing poverty as constraints that interactively surround the poor and discussing how to break these interacting constraints. These are foundational steps in advancing the development of this field.

Keywords: Research on business for poverty eradication, No ‘bottom of the pyramid’, Construct validity, Victims of interacting constraints

1. Introduction

Gradual explosion and wide spreading of poverty issues together with pioneering steps in research and practice towards poverty eradication have created an unprecedented outburst of studies about business literature for poverty eradication. This paper is a review of literature about how business can help to exterminate poverty, especially in developing countries where poverty occurs on a large scale. The review is carried out with a concern about complete poverty alleviation as well as possible solutions for it. From this viewpoint, it aims to investigate what and how business, as a possible approach, can do to solve the poverty issue completely.

Though there has been a fall in the number of people living on less than \$1.25 a day from 1.8 billion in 1990 to 1.4 billion in 2005, about 55 million to 90 million people are estimated to be living in extreme poverty in 2009 than anticipated before the economic crisis (United Nations, 2009). Despite a considerable drop in the proportion of undernourished people from 20% in the early 1990s to about 16% the years of 2004-2006, the rate of undernourishment showed a reverse trend in following years due to escalating food prices (United Nations, 2009). Still about a quarter of children in developing regions are underweight, and undernutrition becomes the main cause for one third of child deaths in the world (United Nations, 2009). Therefore, the high economic growth of large-population countries, such as China and India, has brought about many job opportunities and brought down the overall poverty level, it is still not sufficient to reach other targets in the Millennium Development Goals (MDGs) (World Bank, 2004).

Along with the increasing concern of the global community about poverty eradication, business perspectives have been gradually positioned as a useful tool in healing the most chronic disease of the world. That interest has appeared to become much more worldwide through being catalyzed by pioneer approaches, both in practice and theory, which have awakened business attention to the old-but-always-hot problem, poverty. Professor Muhammad Yunus won the 2006 Peace Nobel Prize for the model of Grameen Bank - a successful innovative business solution with the primary goal of providing small loans to poor people, particularly women, without any collateral to run their small profit-making businesses and lift their families out of poverty. The model has successfully benefited 100 million families in rural Bangladesh. Along with the practice side, the scholarly approach of pioneer researchers, such as Prahalad, Hammond has blown a new wind to the old problem of poverty by capturing the vast majority of 4 billion people earning less than \$2000 each per year at the lowest tier of the economic pyramid -Bottom of the pyramid (BOP)- as new sources of growth for multinationals, and ignited scholarly inquiries, arguments and debates around BOP targets (Prahalad and Hammond, 2002).

Pioneer approaches have created a global wave of business attention to poverty eradication together with an explosive phenomenon of scholarly investigation of business strategies for poverty eradication. However, each approach is examined and emphasized of its strength within the standpoint or through the specialty of researchers. An openly and fairly evaluated synthesis of these approaches is needed so as to examine effects of existing perspectives towards poverty eradication as well as to figure out what is left and needed for future research to achieve the goal of completely alleviating poverty.

The paper is constructed as follows. The next section, the article introduces the methods used to locate studies of the review and criteria for including studies. In the third section, the article discusses the results of the review by giving a description of leading concepts, definitions, theories as well as solutions already attempted in previous work on the topic. In the final section, the article gives some proposals that can help deal with the identified problems, recommendations for alternative approaches, and points out future research needs to achieve complete poverty alleviation.

2. Methods

2.1 Details of the literature search

Information on extant works on the topic is located based on three main channels: formal channels (primarily electronic journals, reference lists), secondary channels (primarily citation indexes) and informal channels (primarily personal contact, the World Wide Web). The search focuses on such key words as poverty, developing countries, business and management to locate studies on the topic in each channel.

There are many studies located from the search. However, the foreword-mentioned purpose of the research helps to narrow the scope of the review. The review does not include research that focus on analyzing and evaluating the contribution of foreign direct investments into developing countries to providing jobs and raising income of poor workers through their business activities. Neither are studies on the contribution of business activities to the economic development, as a result bringing down the overall poverty rate through the 'trickle-down' effect. Though there are also a few emerging fields discussing about innovative methods of catalyzing social changes, existing studies often focus on examining these new phenomena themselves rather than specifically examining their approaches to directly dealing with poverty issues. The review does not have an indirect look, but a direct one at the relationship between business and poverty, the way business targets poverty and how poverty can be reduced from this targeting. There are also other reviews or summaries about business solutions for poverty eradication, which mostly base on descriptive studies or case studies. The research does not deny but supplement them by specializing in exploring the academic approach of business to poverty eradication in order to enhance the development of this field.

Though there are still too many potentially relevant items hit, technically scanning contents or looking at abstracts of these items help to reduce the list further. Besides, researches those just stay in case studies are not included in the review. On the other hand, despite the fact that there are also emerging business approaches to poverty eradication recently, researches that discuss around these phenomena without investigating the approach of the phenomena to poverty eradication are not included as well. The search is also narrowed by identifying studies in English.

2.2 Criteria for including studies

Though the list has been reduced considerably after those narrowing tactics, not all the left items are to be included in the review. It is important to identify and review core studies that are frequently cited by other authors, or considered to have certain influence on the development of future research on the topic. This task is performed by using three tactics.

First, Social Science Citation Index (SSCI) is used to identify which studies to include in the research. Key words are firstly used to search for relevant items, which are then sorted according to its relevance. Technically looking at abstracts and reference lists of these items helps to identify more relevant items. However, what are selected to review are studies that have been cited at least once and also carry the contents suitable to the literature search procedure of the research.

Second, due to the fact that citation indexes usually take time to catalog documents, there comes a possible mistake that recent studies can be missed, or some emerging perspectives, new approaches to the issue of research can be neglected. Therefore, besides SSCI, the review is based on the following criteria proposed by Hart (1993) in identifying core works. According to Hart (1993), a core work is:

'an item, published or unpublished, which had an important effect on subsequent work on the topic as a whole and on the development of sub-areas within the main topic'

'an application of a technique or methodology which others had replicated and which was consistent with the methodological assumptions of the topic had been traditionally defined'

'an item that had been used across several disciplines and movements so that the topic became a research topic in those disciplines and movements'

Third, some new business approaches to poverty eradication should not be neglected. Though these perspectives about poverty eradication still receive little attention or appear as new phenomena due to the fact that they are still at the first stage of theory construction, they are expected to have certain influence in future research on the topic. Therefore, selection of what to include and what not to include in the research from these approaches is based on the judgment about its relevance, influence and potential.

3. Results

The primary characteristics of selected studies are summarized in Table 1. The review shows a number of interesting findings.

3.1 Poverty in business perspectives

Poverty has a diverse appearance in existing business approaches, such as the vast majority of 4 billion people living on less than \$1 or \$2 a day (Prahalad and Hammond, 2002), poor producers (Karnani, 2007), gender (Thierry, 2007), self-employed poor people, microentrepreneurs, microfranchisees (Gibson, 2007), employees, business owners, etc. (Note 1). Despite this diversity of poverty, it is primarily captured and expressed under two ways in traditional literature.

First, poverty is viewed as a problem, a phenomenon with various expressions like what it has been captured in other fields (which can be said to be the traditional poverty). Gender, inequality and social exclusion are some examples of this viewing.

Second, the attention is not placed on poverty as a whole, but on its attributes and its causes. This view helps uncover interesting facets of poverty, explain its causes, and explore possible ways business can innovatively deal with poverty. For example, the construction of a new image of poverty in business perspectives as well as development of its literature is contributed much by the pioneering idea of Prahalad and Hammond (2002) when they focus on the large buying power of 4 billion people earning less than \$ 2000 each per year at the lowest tier of the economic pyramid. Poor people are described not through the state they have low-income but through the potential market of \$ 13 trillion at purchasing power parity (PPP) that the vast majority of 4 billion people with unmet needs are supposed to represent. Because MNCs usually have their view conditioned on their knowledge and familiarity with consumers of purchasing power of upper tiers, these markets have been neglected for a really long time and the basic needs of poor people have not been met (Prahalad and Hart, 2002). Another example is looking at self-employed poor people. In this case, it is the instability of the businesses run by the poor themselves and sufferings from poverty penalty that keep them deep in poverty and make it hard to escape (Gibson 2007). A much more general view of poverty is given when both the consuming side (poor clients, customers) and the earning-a-livelihood side (employees, producers, and business owners) are mentioned (UNDP, 2008).

3.2 Poverty eradication in business perspectives

Viewing poverty like the way it has been traditionally portrayed drives studies to evaluate and criticize existing business approaches to poverty. For example, talking about the approach of corporate social responsibility (CSR) activities, Newell and Frynas (2007) criticized that different models of current CSR activities have limited potentials to address different types of poverty due to its focus on output. Therefore, they suggested enabling the implementation of a CSR agenda targeting poverty by the role of governments is considered a possible solution.

The second view of poverty introduces a variety of possible solutions for poverty. Focusing on the buying power, buying behaviors of poor people, Prahalad and Hammond (2002) argued that the process of exploring of BOP markets will help multinationals serve the poor well as potential customers, improve their lives and bring about poverty eradication effects. Change in attitudes and practices of executives in multinationals together with new strategies, innovations are argued to help MNCs operate successfully in these markets and serve the poor well (called BOP 1.0). Specifically speaking, the poor can not normally afford to buy products of large unit packages because of their low and unpredictable income streams. Therefore, innovations are needed to create the capacity of poor customers to consume based on three principles of 'affordability', 'access' and 'availability' of products and services. For example, single-serve packaging, purchase schemes will enable the availability, access, affordability of the products, services; as a result, the needs of poor people can be met through these innovations (Prahalad 2004). Hart (2007) added that those business tools MNCs have been used should be put aside because they can constrain the imagination of incumbent firms at BOP markets. Hart (2007) suggested that the perspective of the poor themselves should be taken into consideration and exploited in BOP ventures (called BOP 2.0). Specifically, BOP ventures should engage in a deep dialogue, a two-way learning with local people to co-develop appropriate customer solutions for the poor.

In some cases, argument about business strategies for poverty eradication also varies when the same poverty object is observed and discussed from different angles. Talking about BOP markets, Karnani (2007) criticized that BOP market size is of only \$1.2 trillion at PPP because of the fact that there are only 2.7 billion people with per capita income below \$2 a day at PPP rates. Furthermore, he added that the BOP market with only 0.3 trillion is so small that there is no

fortune to be made by selling to the poor. Therefore, raising the real income and buying from the poor rather than selling to them is the best way to alleviate poverty. It is to create opportunities for steady employment at reasonable wages, increase their productivity with the help of the private sector and the government.

Focusing on poor people as self-employed poor people, microentrepreneurs, Gibson (2007) suggested that constructing and running microfranchising models that pair franchisors (MNCs or non-governmental organizations), microfranchisors (independent business people) with other poor people to expand the business and get other poor people involved in a self-employment venture can help empower poor people to raise their standard of living and gain a greater degree of financial stability.

Furthermore, poverty and poverty eradication are often captured and discussed under such viewpoints of multinational companies, governments, non-profit organizations, etc. Subsequently, poverty eradication can be seen as a direct goal or an indirect one, according to various viewpoints of existing studies. Therefore, current approaches to the topic show various views about what poverty is, how to reduce poverty and what the effects are.

3.3 Summary about traditional literature

The table demonstrates the variety, difference as well as relevance, similarity, relations between current viewpoints towards poverty and perspectives about their sequent approaches to poverty eradication. It shows how poverty has been captured, why there are various viewpoints about poverty, poverty eradication effects and what serves as the basis for these arguments.

These assumptions about poverty and poverty eradication provide a methodological framework. It is the framework about meeting basic needs of poor people, generating income for the poor and considering business as a development tool. The approach of meeting basic needs implies the necessity of innovations to bring the poor into the value chains of business models, to get them closer to products and services for their basic needs. It also implies about partnerships with other stakeholders if possible to generate value for all parties. The approach of generating income for the poor stresses on helping the poor to raise their income and earn a good living. Collaborating with poor suppliers, producers, self-employed poor people is an example for this. The last approach is evaluated to be a significant one. Business models to target poverty should be considered differently from traditional ones. At least, they should not be merely captured as a tool to generate profits for multinationals, but a tool to bring about development. It is the development of poor people inside poverty.

4. Discussion

The article holds a synthesizing view of existing business perspectives towards poverty eradication with the focus to be placed not on each of the perspective itself but onto what extent poverty can be reduced by these perspectives and whether the poor can escape from poverty or not.

4.1 Questions to be answered in existing studies

4.1.1 Studies on the consuming side of poor people

In discussing about the consuming side of the poor as poor customers, clients, traditional researches focus on answering such questions as ‘how can multinationals convert poor people into potential consumers?’, ‘What should they do to perform well in these markets?’ and ‘How to form partnerships with other parties, such as government, not-for-profit organizations in these markets?’. For example, as introduced above, because the poor have low and unpredictable income streams, such innovations as single-serve packing, purchase schemes are made to create the capacity of poor customers to consume. However, there are a few questions that have not been answered satisfactorily by traditional literature. Whether will actions of buying and consuming those products and services by those innovations naturally lift the poor out of poverty?. Though the approach stresses that the poor have low and unpredictable income streams, it does not touch the side of what and how poor people do to generate money to buy these products, services; from where and how comes the money for the poor to buy these products or services though these are at low costs.

Furthermore, there are also other determining factors that business approaches will fail to work well if they neglect these factors. First, it is the awareness about poverty eradication of poor people as well as sequent behaviors or actions driven by that awareness. For example, to tackle the lack of teachers and the poor quality of service in developing countries, low-cost laptops are supposed to be an innovative method of helping children to explore, experiment and express themselves. What ensures that these laptops will definitely be used to revolutionize the method of educating children all around the world, encouraging their self-study and getting them into school, or will these laptops be surprisingly used to access porn sites for adults?. On the other hand, computers can be useful assistants to equip poor farmers, who are struggling to change their lives, with information about weather forecast or knowledge for their agricultural productions. Three-wheel bikes enable poor people with disabilities in developing countries, who have a desire to be able to support themselves and lead lives of normal people, to go to work, overcome inconvenience in daily lives, and above all, lead a good life as others in the society.

Second, approaches of traditional literature remain in supplying products and services for poor customers and aiming to bring about traditional values, such as customer value, and customer satisfaction. In constructing theories about their business approaches, they have not discussed about the process from the point that poor customers buy those products, services to the point how those products, services help them get out of poverty. Though a piece of soap can be supplied with a single-serve packing to create the capacity to consume for poor customers, they do not know how to use soap, how to wash clothes cleanly. The example of low-cost laptops mentioned above is a similar one. Though in traditional business approaches, creating customer value or bringing about customer satisfaction is considered the goal for every business to reach, it is quite different in business approaches to poverty reduction (Figure 1). Using laptops to study or to access porn sites are those behaviors done to reach the satisfaction of users or behaviors done in ways that users can satisfy their needs. Actually, not all directions in which poor people use their laptops can result in helping them escape from poverty.

4.1.2 Studies on the generating-income side of poor people

Stressing about income generation of the poor, traditional literature argues that it is the essence of helping the poor raise their living standards and escape from poverty when the poor are observed here as self-employed people, employees, producers or businessmen. These are jobs that the poor can generate income from their efforts and hard work. However, due to some reasons, they are trapped inside the vicious circle of poverty and have no chance to escape from it. Traditional literature on this side puts an emphasis on raising the poor's incomes. For example, providing knowledge, know-how of business to the poor so that they can become microfranchisees to provide products and services to others and expand the business (Gibson, 2007); employing them as salesmen to deliver products, services to poor customers in remote villages or gather information about the market; forming an alliance with poor producers to ensure the stability of material sources for manufacturing companies and income sources for poor people (UNDP, 2008). These works undeniably create jobs and chances of raising income for the poor. Traditional literature often questions: why comes this kind of perspective? How to get poor people involved in the business model in a win-win engagement bringing about benefits for all sides? What are detailed benefits that participants in these models such as NGOs, MNCs and the poor can enjoy? How do these business models work? However, these are still unclear questions related to poverty eradication effects of these approaches. The point of evaluation does not lie on whether the poor can raise their income or not, but the possibility and sustainability that the model can enable the poor to get out of poverty successfully through raising their income. For example, the business model that helps poor people raise their income through microfranchising can be influenced badly by ineffective operations of microfranchisors. The alignment with peasants for the supply of good materials can collapse if products are not marketed well and companies cannot compete in a serious competition. Or, even if the business model is designed so perfectly that all participants can enjoy many benefits, low commitment to the model and low awareness about poverty eradication of poor people can lead the model to failure.

The two significant factors that this paper wants to stress are sustainability and awareness of the poor. Sustainability requires the business model to achieve the goal of lifting the poor of poverty, not in a short-time mechanism, but in a continuous and sustainable one. The second factor does not look at the awareness mentioned in the consuming side of poor people, but it mentions about the awareness, effort to work, struggle (not to use or consume the supplied products and services). Let's consider a special case of people with disabilities in developing countries. They face many difficulties such as limited job opportunities, limited access to public transport, facilities, inconvenience, which reinforce each other and interlock to trap them in the tyranny of poverty. Especially, for various mobility means, people with disabilities cannot depend on regular electric three-wheel bikes because they are too poor to afford bikes of thousands of dollars. However, they do not want to become burdens to the families and desire to have a common voice and integrate equally, fully into the society, and above all support their families. They do self-study, produce and perfect three-wheel motorbikes with reverse gears that can move forward and backward freely in order to move around without difficulties, to commute to work and to earn a living.

4.1.3 Studies on business as a development tool

Discussed above are the inappropriate aspects of completely applying the traditional business thinking to poverty when current researches usually emphasize the importance of traditional values, such as customer satisfaction, economic benefits of the models and so on. Additional judgments or tasks need to be done to make these approaches be adaptive to the goal of eliminating poverty. To put it in another way, it can be argued that business should escape from traditional values that have been set for ages as the foundation, measure, standard of effectiveness, success of any business, and at the same time business should come to a new and much more suitable value. It is development or poverty eradication. Although this point has been mentioned in existing researches, it merely refers to the involvement of CSR activities in poverty eradication in an indirect direction through reinforcing state-led development policies (Newell and Frynas, 2007). However, specific directions to poverty eradication are still vague and need more elaboration.

Though specific ways and action frameworks are still vague, the perspective of business as a development tool should

be taken into consideration as a fair measure of business approaches to poverty. This is a really significant point to be based on to distinguish between a business targeting poverty, which as a result improves lives of the poor, with a business trying to eliminate poverty completely. Despite the fact that the former approach can result in an income improvement, creation of co-invented customer solutions for the poor or growth opportunities for firms, it is still vague about whether poverty can be reduced totally, whether the poor can escape from the tyranny of poverty completely or not. If we take a look back at low-cost computers at the discussion of studies on the consuming side of poor people, we can have a clearer image of this business. What can be said about these approaches is that they are businesses targeting the poverty object. The latter business is carried out with the primary goal of poverty eradication. Therefore, what this kind of business struggles for is not creation of innovations, BOP ventures, but the elimination of poverty. They are businesses for development.

The direct approach of business tools to poverty issues as a development tool has not been touched and discussed much in existing studies. Some clues that can be given are a combination of traditional business approaches and necessary adjustments to the goal of poverty elimination, which is, in other words, traditional business plus α . Understanding of this '+ α ' can give some hints from the evaluation of existing approaches on the consuming and raising-income sides of the poor as discussed above. For example, since customer satisfaction is not a terminal for business approaches to poverty eradication, the adjustment is needed to drive customer satisfaction to the achievement of poverty eradication. Or, how to bring out the awareness of poor people about the meaning of poverty eradication as well as their efforts for it in business models? Since research about business approaches to poverty eradication still lies at an early stage, this '+ α ' can now be understood merely through the above-mentioned additional tasks for the business models to clear. However, research about this '+ α ' may make the basis for the formation of literature about business as a development tool later. This viewpoint will orient the search for needs and targets to bring about the formulation of appropriate business models for poverty eradication.

4.2 Necessity for a suitable viewpoint about poverty and poverty eradication

4.2.1 Some questions about the construct validity of existing observation angles

Poverty has been known and discussed in existing literature as a multi-dimensional concept. Due to the diversity of poverty, business approaches to poverty also vary according to the way it is captured by scholars. In traditional literature, paying attention to some attributes of poverty and its causes helps discover the aspects to be the basis for the formation and operation of business models to deal with poverty. The difference between these approaches lies on the shift of viewpoint or the observation angle. It results in various observations of the poor, such as poor consumers, employees, self-employed people, entrepreneurs, business owners, etc. However, the change of the observation angle with different discussions about poverty eradication like this leaves some questions.

- Connecting views rather than conflicting ones

Existing literature has witnessed several changes of observation angles, several pictures of poverty as well as debates between these angles. However, they are actually connecting views rather than absolutely conflicting ones. Needless to say, working to earn a living and consuming to meet their own needs are all necessary facets of life for not only the poor but also the non-poor. Therefore, observing poverty in only one or two facets cannot help to capture a full image of the so-called poverty, or a full image of the lives of poor people. It means that tackling only the consuming side or the generating income side of the poor unintentionally creates the limitations of poverty eradication effects for itself in its approach. For example, people with disabilities in developing countries often find it hard to integrate fully and equally into the society since they often face such problems as a lack of job opportunities, limited access to public transport, facilities, or inconvenience in life. Therefore, simply a placement of job opportunities for disabled people in developing countries can not help eliminate poverty completely, since they still can not commute to work, or take part into many social activities due to inaccessibility and inconvenience of public transport or facilities.

- Mass poverty and existing 'poverty' concepts

Actually, changing the observation angles can help scholars explore other sides of the so-called poverty, for example, from the consuming side to the generating-income side. It does not matter much in these changes. However, on the other hand, there still exists the fact that mass poverty is still present at most developing countries. Some business literature tends to refer 'poverty' to 4 billion people – about two-thirds of the world's population. For example, it is called BOP market in Professor Prahalad's research (Prahalad and Hammond, 2002). Research on BOP school tends to discuss their approaches around these 4 billion targets. Whether targeting 4 billion people as 'poverty' can really cover the whole mass poverty and help exterminate the global poverty is a really simple question for further consideration about how to capture accurately the so-called 'poverty'.

Since mass poverty still exists as a challenging problem, recently, governments, NPOs, civil societies are sustainably involved in tackling this problem with big budgets. To put it in another way, in which order that capturing the poor as poor consumers, employees, self-employed people can possibly link itself to bringing the whole poverty to extinction is

still unanswered. Dividing poverty into several segmentations and discussing poverty eradication within those segmentations, though it can bring about some poverty eradication effects, is not enough to solve the whole problem.

4.2.2 Construct validity in research about business for poverty eradication

Academic inquiry of business for poverty eradication can not keep changing the observation angle of looking at some aspects of poverty and neglecting others, but needs to capture the full picture of poverty. The paper points out that a business aiming to reduce poverty completely should put aside these traditional ways of viewing poverty and restart its approach to poverty from the very first step of how to capture poverty accurately and fully. Though some pioneer studies recently put an emphasis on dealing with constraints that firms can face when tapping into markets for poor people, constraints that make the poor not be able to escape from poverty are still not paid attention to or discussed much (Note 2). Furthermore, the fact that these constraints also reinforce each other and interlock to keep the poor inside the so-called poor has also been neglected. As shown in the example of people with disabilities above, a lack of job opportunities, limited access to public transport, facilities, inconvenience in life are some aspects that keep the poor sunk into poverty.

Therefore, poverty can be seen as ‘the mechanism of constraints that reinforce each other and interlock to keep the poor inside so that they can not break and escape from it’. In this interpretation, there is no one at ‘the bottom’ of the so-called ‘economic pyramid’ or no base to talk about poor people as those who are living at that bottom, because low buying power is only one facet of the mechanism that holds poor people deep inside and it is not all about poverty. The poor are only victims of poverty. Traditional studies often place their observation of poverty on the causes that are capturing the poor in poverty, but seemingly forget that inside poverty there are poor people originally living, suffering from poverty and even struggling against it. They are also living, working, trying and struggling like the non-poor. What makes the difference is that these living, working, trying and struggling can not lift the poor out of poverty because of the poverty mechanism.

A poverty eradication business calls for breaking free of established assumptions about something as ‘bottom’, ‘low buying power’, and takes into consideration about how to break down the poverty mechanism for the poor victims. This way of capturing poverty will explore unexplored facets inside poverty. In this way, business models can serve as poverty eradication tools not only for non-poor stakeholders but for poor people in their escape from poverty. On the other hand, it can also be the case that poor people become innovators, social entrepreneurs and solve problems of their own and others. Research on business approaches to poverty can also escape from the traditional platform and explore other unknown aspects of poverty, such as entrepreneurship, innovation, social entrepreneurship by poor people. These are business models in which the poor become self-independent and struggle to solve problems of their own and others based on their awareness of poverty and their efforts to escape from it.

4.2.3 Poverty eradication mechanism

Viewing the poor as victims of the mechanism of interacting constraints helps a poverty eradication business know what to tackle or attack. Certainly, the primary goal of the business is not to break down only one or two constraints, but the mechanism. Though this is really a hard task, imagination about breaking down the poverty mechanism can be based on the poverty eradication mechanism that works in the direction of exterminating poverty completely. In this perspective, traditional values of business such as customer value, customer satisfaction, and innovations can not serve as the base for evaluating the effects of any approach. It is quite difficult to state specifically what poverty is due to its diversity and answer the question what the poverty eradication mechanism is. Poverty eradication mechanism can be understood through using an analogy. This is a common way of comparing one thing with another, describing something similar to another and referring something with which people are similar in order to make the objective to be explained become easier to understand in social sciences. Since children and the poor have similar features, both of whom are still fragile and can not become independent enough at present, how parents should help children become independent is similar to how business should target and help the poor escape from poverty. In this way, the mechanism business targets and exterminates poverty is oriented similarly to the way of child rearing (Table 2).

4.3 Further research directions

Further research about business for poverty eradication is needed to systematically generate much more effective results on a larger scale. The above-mentioned discussions can give out some directions for future research (Figure 2).

First, since the basis and accumulation of business literature over a hundred years can serve as the valuable foundation for future research about its application in dealing with poverty issues, much more research attention should be paid to this aspect.

Second, sustainability is an unavoidable matter of any business organization, even if its primary goal is for poverty eradication. How to create economic value as a means of sustaining the model? Future research should focus on partnerships between business models for poverty eradication and other approaches of international organizations, MNCs, not-for-profit organizations. How to build win-win relationships to order to generate value for all players and to

eradicate poverty? These are also important issues.

Third, more research is needed to understand thoroughly the role of the awareness and effort of the poor in business models, and to explore other possible unknown aspects of the poor such as innovators, social entrepreneurs, which may characterize the emerging approaches of poor people inside poverty for a complete escape from poverty.

Fourth, a conceptual framework about business positioning as a development tool is needed to orient the formation of its specific goals, targets and business models as well as discipline.

Fifth, research in this field should take into consideration the research needs about those factors as well as the coordination and harmony between these elements to bring about an effective poverty eradication business that can break down the poverty mechanism and lift the poor victims out of its tyranny.

Finally, in order to deal with the whole mass poverty, how to scale these poverty eradication businesses is also an issue. To state it in another way, the construction of a poverty eradication business is definitely important, but it is not enough if further research neglects specific strategies that can help these models be copied or replicated easily and widely inside the mass poverty.

5. Conclusion

Along with the increasing concern of the world community about poverty issues, there is also a similar trend in the academic world and the practice world regarding an outburst of business approaches to poverty. This is a praiseworthy signal about the higher possibility of complete poverty elimination with a dramatically significant contribution of business approaches. However, poverty and poverty eradication have accidentally become a word to be said or mentioned so much that, to be straightforward, they have been overused. Selling to the poor or employing the poor is not so easy as what business has done to serve clients or employ workers in developed countries. Business for poverty eradication can not replicate or imitate completely what traditional business has done over one hundred years but it needs its own version. It is necessary for business for poverty eradication to put aside established assumptions about poverty and the poor, recapture them as poor victims being held deep in the poverty mechanism with various constraints, and discuss how to break those interacting constraints. Sustainability, business as a development tool, the potential of poor people, and further application of traditional business are significant elements as well as focuses for further research needs in order to build up a scientific basis for the research and practice of poverty eradication businesses. A world without poverty is not far away.

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Notes

Note 1. UNDP (2008) described poverty under specific expression as poor clients, customers, producers, employees, and business owners. 'Poor clients, customers' shares the similar meaning with the way Prahalad and Hammond (2002) describes about poverty.

Note 2. For example, UNDP (2008) identified limited market information, ineffective regulatory environments, inadequate physical infrastructure, missing knowledge and skills, restricted access to financial products and services as some broad constraints that prevent businesses from taking advantage of opportunities in poverty.

Table 1. Summary of selected studies about business perspectives for poverty eradication(chronological order)

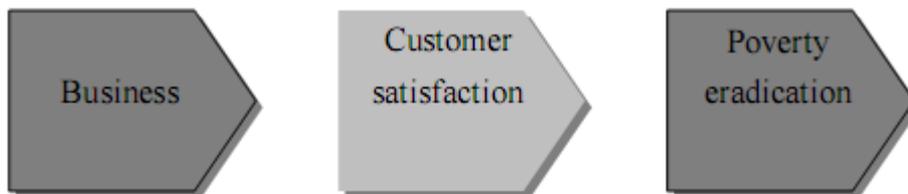
Study	Poverty	Poverty eradication	Argument
Prahalad & Hammond, 2002	4 billion people living on less than \$1 or \$2 a day (Bottom of the pyramid, BOP)	The exploration of BOP markets by multinationals will help improve the lives of poor people	4 billion people with unmet needs represent for the potential market of \$ 13 trillion at PPP. Change in attitudes and practices of executives in multinationals will help them operate successfully in these markets and serve the poor well.
Prahalad, 2004	BOP	The needs of poor people can be met through such innovations as single-serve packaging, purchase schemes, which will enable the availability, access, and affordability of the products, services.	The poor cannot afford to buy products of large unit packages. They have low and unpredictable income streams. Innovations are needed to create the capacity of poor customers to consume based on three principles of 'affordability', 'access' and 'availability' of products and services.
Karnani, 2007	Poor producers	Creating opportunities for steady employment at reasonable wages, increasing their productivity with the help of the private sector and the government.	Profits are not repatriated at PPP rates, but the financial market exchange, then the BOP market is small (less than \$ 0.3 trillion) and there is no fortune to be made by selling to the poor. Small packages just increase convenience and help manage cash flow. Providing credit just changes the ways poor people pay for it, not change the affordability of a product. The best way to alleviate poverty is raising the real income and buying from the poor rather than selling to them
Gibson, 2007	Self-employed, microentrepreneurs, microfranchisees	Microfranchising helps empower poor people to raise their standard of living and gain a greater degree of financial stability	Self-employed poor people, microentrepreneurs usually run unstable businesses, suffer from poverty penalty (high price for basic goods), and have no chance to escape from poverty. The model that pairs talented microentrepreneurs with other poor people to expand the business and get other poor people involved in a self-employment venture.

Table 1 (continued)

Newell & Frynas, 2007	Multiple forms, inequality and social exclusion	The role of governments to enable the implementation of a CSR agenda targeting poverty and achievement of MDGs. Reinforcing state-led development policy is the greatest contribution for CSR activities to make	With focus on output, many CSR activities have limited potential to address the forms of exclusion, and the range of development issues CSR initiatives address is limited. CSR activities for poverty eradication should be in a development tool, not a business tool.
Hart 2007	Base of Pyramid (BoP)	Engaging in two-way learning with local people to co-develop appropriate custom solutions for the poor and becoming native to the places in which companies operate.	The poor are still left out entirely or remain poorly served by existing products. Therefore, serving 4 billion people at BoP gives MNCs a unique opportunity of both satisfying social and environmental stakeholders and generating growth.
UNDP, 2008	Poor clients, customers, producers, employees, business owners	Including the poor at various points at in the value chain as clients, customers, employees, and producers in inclusive business models to help them enjoy benefits from these businesses.	There are vast opportunities at poverty: new markets, new sources of profit and growths. So are obstacles: limited market information, ineffective regulatory environments, inadequate physical infrastructure, missing knowledge and skills, restricted access to financial products and services. Adapting products and processes, investing to remove market constraints, leveraging the strengths of the poor, combining resources and capabilities with others, engaging in policy dialogue with governments are strategies to help businesses operate successfully in these poor markets.

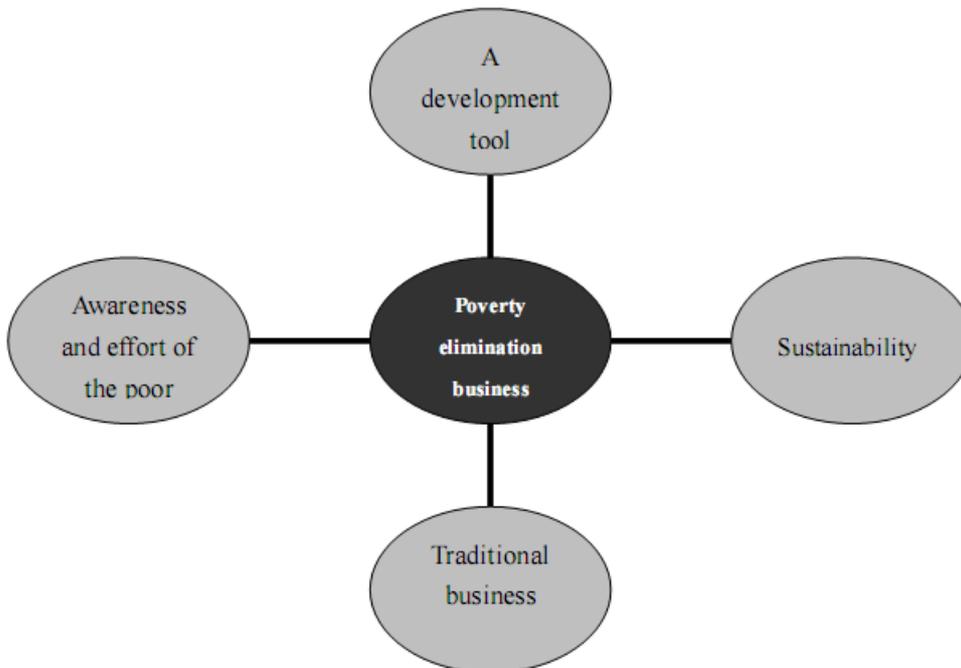
Table 2. Exploration of poverty eradication mechanism in terms of the properties of child rearing

Poverty eradication agrees with child rearing in four conspicuous peculiarities	
1 Supplying, giving something for their needs or leaving something for them is merely a short-term approach if the receivers do not know to reserve, make good use of and develop it effectively.	Focus on the further aspect of giving or supplying something: whether and how they receive and use it in the expected directions.
2 Creating conditions for them to study, equip them with knowledge and get a stable work so that they can make a living and raise themselves.	The main figure is the party themselves. A stable livelihood is what they should strive for.
3 Educating, bringing out their awareness and effort in these directions.	The awareness and effort for it are the premise as well as the prerequisite.
4 To a certain extent, they can independently make both ends meet, furnish their own needs and ensure the stability of their livings in a sustainable development.	The destination is that they can become independent and lead a good life in a sustainable development pattern.



Source: Illustrated by author

Figure 1. Customer satisfaction is not a terminal for business approaches to poverty eradication



Source: Illustrated by author

Figure 2. Focuses for future research on business for poverty eradication