

Reinventing Poverty Alleviation Strategies Through Corporate Social Responsibility

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Abstract. Poverty is one of the biggest problems facing our society today. To date, most of the response to this has been by non-profits or NGO's, but more recently academics and a few business organisations have become aware of the so called 'bottom of the pyramid' market and how by addressing this market, the poorest may be able to be helped as well as there being a benefit to the company. In this paper we analyse poverty alleviation programs launched by corporations and propose an empirical study as a way to identify successful poverty alleviation strategies more systematically and effectively.

Key words: poverty alleviation, 'bottom of the pyramid' market, company benefit

Abstrak. Kemiskinan adalah masalah terbesar yang dihadapi masyarakat kita saat ini. Selama ini yang tanggap terhadap masalah ini adalah lembaga nirlaba atau LSM, namun akhir-akhir ini para akademisi dan beberapa organisasi bisnis mulai menyadari apa yang dikenal sebagai pasar "dasar piramida" dan bagaimana memanfaatkan pasar tersebut, yang paling miskin dapat dibantu seiring diperolehnya keuntungan bagi perusahaan. Dalam tulisan ini kami menganalisis program-program pengurangan kemiskinan yang dilancarkan oleh korporasi dan mengusulkan studi empiris sebagai jalan mengidentifikasi strategi penanggulangan kemiskinan yang berhasil dengan lebih sistematis dan efektif.

Kata kunci: penanggulangan kemiskinan, pasar "dasar piramid", keuntungan perusahaan

Poverty is a social, political, moral and economic problem. The poor are often trapped in this situation for most of their lives with little hope to escape for themselves and their children. They are being constantly connected with some of the most pressing social and political problems of our time: crime, violence, broken families, loss of communities, public health crises overpopulation, and environmental degradation, corruption, poor governance, and ethnic conflict. (Baneerjee, Benabou, & Mookherjee, 2006).

Data show that about a fifth of the world's population survive on less than \$1 per day and almost half of the world's population survives with only \$2 per day (Prahalad & Hart, 2002). What can be done to alleviate poverty? In this paper we first outline the unique opportunities dealing with low-income consumers as

they are important joint problem solvers. We then review CSR and types of poverty alleviation strategies launched by corporations. We conclude by proposing an empirical research program as a way to improve the effectiveness of all these programs.

Poverty and Opportunity

The World Bank (2001) defined poverty as relevant to the current condition and is expanded to include all the dimensions of human well-being: adequate food, shelter and comfort; reduced vulnerability to external shocks; access to education, health care, and basic infrastructure; and the opportunity to participate in social and political life on an equal basis with the rest of the population. The poor have to endure external and uncontrollable events – hunger, violence, illness, unemployment, natural disaster, malnourishment, and depression (Henderson, 2004). Many markets and social groups are rejecting them as well. Dealing with poverty leads to tre-

* This artikel was delivered at the ANZMAC Conference, University of Otago, held December 3-5, 2007, in Dunedin, New Zealand. Courtesy of Denni I. Arli, S.T., M.A., School of Marketing, University of New South Wales, South Wing 3rd Floor Quadrangle Building, Sydney 2052, Australia.