The Business of Helping the Poor

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A large segment of the world population, some 2.735 billion people which represent 44% of the world's population, are living below an income of $2 per day. These 44% of the world population consume only 1.3% of the global product (Chen &Ravallion, 2004). As Pogge (2005) noted with reference to developed countries: "With our average per capita income nearly 180 times greater than that of the poor (at market exchange rates), we could eradicate severe poverty worldwide if we chose to try—in fact, we could have eradicated it decades ago" (p. 1). While the status quo is beneficial to those in developed countries there are many attempts to alleviate poverty locally and internationally. Numerous schemes have been designed and implemented to eradicate poverty and promote equality.

One may ask why poverty is considered a problem and not accepted as a given reality of human life. Besides the fact that it can be eliminated if there was the will to do so, one answer is that the annual death toll from poverty-related causes is around 18 million.This accounts for one-third of all human deaths in a given year (World Health Organization (2004). Furthermore, as Marmot (2000) demonstrates, within and between countries those with lower income receive lower quality health care and suffer from more illness and disability. Education for poor people is often poor education that impedes success in the job market and deprives large local economies of human capital (Moore, 2003).

What is considered to be the greatest success in poverty alleviation is the invention and application of old age pensions operating in many countries by a social security administration (Costa, 1998;Gelles, in press). The essence of these national plans is that the state taxes the working age population and provides the aged with the income needed for respectable survival. These inter-generational income transfers are quite popular as they are seen by most participants as private insurance rather than charity and their success in alleviating poverty among the elderly is impressive. For example, The Center on Budget and Policy Priorities (2010) estimates that social security payments keep 13 million Americans above the poverty line. Social security was part of the great promise to help citizens live free of poverty in a society that meets most human needs while applying a business-like model of life insurance.

So, taxes that are known as "social security" but in reality are based on pay-as-you-go system managed to assist a large part of the population in advanced democracies stay above the poverty line. For awhile, there was a hope that the welfare state can bridge all gaps and provide for all human needs (Wilensky, 1973). However, a few economic crises (from the oil embargo of the early 1970s' to the current economic recession) and the rise of conservative parties and ideologies in many countries indicate that poverty, especially international poverty,is a low priority (Pinker, 2008). Since the 1970s it became clear that no welfare state will be able to meet all the needs of its members and that a mix-welfare economy is needed. The first hope was that market forces, especially employers,would join in with workers and governments to find solutions to social problems and especially poverty.

The 1980s saw the rise of conservative leadership in England and the United States, a trend that soon was evident in most advanced democracies. This created a situation where the willingness to pay more taxes wanes away; politicians are looking at short term solutions that will be beneficial now and costly later; the public is apathetic toward the poor and their plight; and social workers who care about poverty are required to form new alliances to find resolutions to daunting

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social problems. The burden of caring for the poor locally and internationally was shifted since the 1980s from government to nonprofit organizations. These organizations were expected to solve issues of poverty, deprivation, and inequality by using public and private resources. While these nonprofit organizations are doing great work in helping people all over the world, they failed to change the picture of poverty.

As such, we need to focus on other players who are and can increase their participation in poverty reduction efforts. One major, and rarely studied, potential player in the field of poverty relief is the private sector. Social workers and development workers often see the private sector's greed as the only reason why inequality exists and poverty is perpetuated. Consequently, the idea that private businesses, international banks, large corporations, and even individual entrepreneurs willingly invest in poverty reduction is not intuitive. However, as we will show in this paper there are many schemes and methods where business practices, business investments, and business methods are all contributing to poverty reduction.

It is acknowledged that business' and financial institutions' primary goal is to maximize the profit for shareholders. However, two trends make business a potential partner for poverty reduction campaigns. First, pressure from individuals and groups on corporations as well as threats of bad publicity and consumer boycotts pressure corporations to show acts of social concern and good citizenship. Investment in poverty reduction can help a corporation's image and encourage them to undertake projects that may be viewed as unprofitable. Second, in the past two decades we have witnessed organizational hybridization (Lane, 2000). Not only are financial institutions and corporations investing in non-profit activities, but nonprofit organizations are adopting business practices and even opening commercial enterprises to meet their goals. As such, the clear distinction between what is for-profit and what is nonprofit is blurring.

This paper focuses on seven business-based approaches to poverty reduction, presents each of them, explains how it is applied, and assesses each method's efficacy in poverty reduction. We conclude with a table summarizing the seven methods and with an analysis of the role of business and business-methods in poverty reduction.We focus on methods where corporations invest in programs to reduce poverty, where banks are recruited to reduce poverty, and where business principles are applied to reduce poverty. The methods we focus on in this review paper are: (1) Bottom of the Pyramid (BoP), (2) financial inclusion, (3) international debt relief, (4) microenterprise/microcredit, (5) social industries/ social enterprises, (6) individual development accounts, and (7) corporate social responsibility.

Bottom of the Pyramid

The logic

The Bottom of the Pyramid (BOP), also known as the Base of the Pyramid, refers to the four billion or so people worldwide who live on less than $1,500 a year (Prahalad, 2006). The term has also become shorthand for initiatives by corporations to generate profit by selling goods and services to those who live on less than $1,500 a year in a way that benefits both the corporation and their consumers (i.e. the poor). Essentially, BOP strategies attempt to create win-win situations for corporations and the poor so that the quality of life for impoverished individuals improves and corporations still make profit.

In the most commonly cited work on BOP initiatives, *Fortune at the Bottom of the Pyramid,* Prahalad (2006) argues that corporations targeting the poor as consumers can help alleviate poverty in a variety of ways:

1. Companies will create goods and services more suited to the needs and wants of the poor, thereby improving the poor's quality of life.

2. Large companies can reduce the "poverty penalty" the poor experience in buying goods and services.

Businesses do this by improving local distribution, disrupting local monopolies, and by going around traditional intermediaries (Prahalad, 2006, pg 11).

3.Competition between businesses will create an incentive for businesses to act ethically, produce high quality products, and keep their prices low. Also, competition will allow the poor to avoid businesses and individuals who use exploitive practices.

4.In order to distribute goods and services to the poor, businesses will need to employ individuals in impoverished areas. This will increase the poor's purchasing power and employability.

5.If companies can make a profit by benefitting the poor, they will be more likely to mobilize resources at a scale that has a significant impact. Without the profit motive, companies and their resources will not be mobilized in a way that will significantly impact poverty.

Consider the following case study of a BOP initiative: In 2005, SC Johnson created a micro-franchise operation called Community Cleaning Services (CCS) in Nairobi, Kenya. CCS allows Kenyan entrepreneurs to organize teams of people who clean public toilet facilities and collect garbage off the streets. SC Johnson profits by selling cleaning products, uniforms, and protective gear to the CCS entrepreneurs on consignment. The CCS entrepreneurs make profit by charging communities for their cleaning services and they employ many people who previously were unemployed.

Community Cleaning Services improves the lives of the poor by improving local sanitation and making it possible for slum-dwellers to become entrepreneurs. A recent ethnographic study revealed that young people found entrepreneurship through CCS an appealing option for income generation (Thieme, 2010). Cleaner public facilities and less garbage on the streets also improve health in impoverished areas.

SC Johnson also benefits. Not only does it generate an income from selling the cleaning products, uniforms, and protective gear, but SC Johnson also builds a favorable brand image in Nairobi with very little competition from other companies. In developed nations, SC Johnson uses its BOP initiative to brand itself as a socially responsible company. Consequently, SC Johnson is seeking to expand its CCS operation (Enterprise for a Sustainable World, 2008).

The SC Johnson example is how BOP initiatives are supposed to work. The poor receive a product or service that improves their wellbeing, the local economy is strengthened, and the corporation still makes a profit.

How does Bottom of the Pyramid work?

The actual manner in which companies implement BOP initiatives varies widely and requires a good amount of corporate creativity. Common business models BOP initiatives use to lower prices for poor consumers include making single use products; paring down to make "no frills" products; breaking complex services into simplified, standardized tasks so that it takes less skilled labor to perform them; and piggybacking their goods and services onto already existing distribution channels (Karamchandani, Kubzansky, &Frandano, 2009). Companies implementing BOP initiatives will also sometimes focus on the poor as producers by contracting with several small producers in impoverished areas, often providing training and materials for producing goods and services (Karamchandani, Kubzansky, &Frandano, 2009).

Many authors, including proponents of BOP strategies, have identified challenges that companies must overcome in order to create profitable business models that also benefit the poor. These challenges include changing assumptions about the poor; lowering a product or service's price to a point that the poor can afford it while still producing a profit for the company; distributing products in areas with little or no infrastructure; competition with government programs, nonprofits, or NGOs which may provide the products or services for free; educating consumers about products; government corruption discouraging private

investment; finding out what goods and services the poor want to buy as opposed to what corporations believe they need; and balancing social and financial objectives that are sometimes in conflict (Cooney & Shanks, 2010; Garrette&Karnani, 2010; Prahalad, 2006). Successful BOP initiatives must overcome these challenges while remaining profitable.

Due to the myriad of challenges associated with BOP initiatives, companies almost never can successfully implement them without funding them through their research and development departments until they become profitable (Cooney & Shanks, 2010), teaming up with nonprofits or NGOs (Seelos&Mair, 2007), using "soft-funding" like government or foundation grants, or a combination of these strategies (Karamchandani, Kubzansky, &Frandano, 2009). Initiatives that never become profitable may be reformulated into corporate social responsibility programs (Garrette&Karnani, 2010) or cease to exist.

Evaluating efficacy

Evaluations of BOP approaches to poverty alleviation focus primarily on successful and unsuccessful case studies (e.g. Garrette&Karnani, 2010; Prahalad, 2006). There are several examples of both. On the positive side, some BOP initiatives are quite profitable and have provided poor areas with improved access to technology, improved health, and improved financial services (see Karamchandani, Kubzansky, &Frandano, 2009; Prahalad, 2006; Seelos&Mair, 2007 for examples). On the negative side, the vast majority of BOP initiatives fail to make a profit for the corporations that create them and almost never reach a scale that makes a significant impact in the lives of the poor (Garrette&Karnani, 2010; Karamchandani, Kubzansky, &Frandano, 2009).

Only one study evaluating the effectiveness BOP initiatives using more than a small handful of case studies exists. In 2009 the Monitor Group published a study of hundreds of BOP initiatives worldwide, but primarily focusing on India. Their analysis found that while many of the BOP initiatives were profitable and providing social benefits to those in poverty, only a small handful operated at a scale that made a nationwide impact. The authors also concluded that BOP initiatives provide a great opportunity for producing social benefits, but are unlikely to be financially attractive enough to attract large firms or big investors. They suggest that the future of BOP initiatives will involve mostly small to medium-sized firms that make use of soft-funding to pay for initial capital costs (Karamchandani, Kubzansky, &Frandano, 2009).

Garrette and Karnani, (2010), cautioned businesses not to expect BOP initiatives to make large profits. Their analysis of several unsuccessful case studies point to difficulties in predicting what products and services the poor would be interested in purchasing, as well as potential conflicts between social and financial goals. The difficulty of implementing successful, large-scale BOP initiatives makes it unlikely that such initiatives will solve the problem of worldwide poverty. Without the full support of large corporations, progress in reducing poverty using BOP methods is likely to develop slowly over the course of several decades (Karamchandani, Kubzansky, &Frandano, 2009). However, as long as they are given time to develop and are intelligently implemented, BOP initiatives do hold promise in alleviating specific problems associated with poverty and improving the economy in specific localities.

Financial inclusion

The logic

Starting in the late 20th century, inequality has often been explored through the concept of social exclusion (Byrne, 1999). An important aspect of this exclusion that only now is emerging is exclusion from the mainstream economy (Hills, Le Grand, &Piachaud , 2002; Littlewood*et al.*, 1999). When announcing 2005 as the International Year of Micro-credit, UN Secretary-General Kofi Annan (2003) noted that: "The stark reality is that most poor people in the world still lack

access to sustainable financial services, whether it is savings, credit or insurance. The great challenge before us is to address the constraints that exclude people from full participation in the financial sector."

To combat social exclusion, one emerging trend in the field of poverty alleviation is financial inclusion (Conroy, 2008). Based on the assumption that exclusion from access to banking services perpetuate poverty, proponents of financial inclusion are advocating for every person to have, at a minimum, a free-of-charge (or very low cost) bank account. It is argued that access to safe, easy, and affordable financial services is required for accelerated economic growth and for reducing income disparities and poverty affecting the poor, vulnerable populations, disadvantaged areas, and lagging sectors (such as agricultural workers). In the context of the policy paradigm of inclusive growth, financial inclusion has become a policy priority in many countries (United Nations, 2006).

Access to affordable finance may enable the poor to undertake economic activities (such as small business loans) and to take advantage of growth opportunities necessary for financial empowerment. Hence, developing an inclusive financial system that provides equal opportunities to all at affordable costs is a pre-condition for achieving accelerated economic growth along with a reduction in income inequality and poverty. As stated by the Rangarajan Commission in India:"financial inclusion is considered a prerequisite for empowerment, employment, economic growth, poverty reduction, and social cohesion" (NABARD, 2009, p. 32). Furthermore, inaccessibility to financial institutions is one of the key differences between developed countries and developing countries (World Bank, 2005).

Broadly speaking, financial inclusion means access to finance and financial services for all in a fair, transparent, and equitable manner at an affordable cost (Sarma, 2008; Solo, 2008). Fuller and Mellor (2008) noted that financial inclusion is the desire to develop 'alternative,' welfare-oriented—rather than profit-driven, reliable, affordable, and accessible financial services for all sections of the population, wherever they may be located. Others however, view financial inclusion as a market-driven solution for poverty alleviation.

As Sarma (2008) noted: "As banks are the gateway to the most basic forms of financial services, banking inclusion/exclusion is often used as analogous to financial inclusion/exclusion" (p. 4).Being a new and evolving concept, financial exclusion is defined in various ways that often overlap. For example, its meanings range from not having access to a bank account all the way to financial illiteracy. Financial exclusion also refers to the processes that serve to prevent certain social groups and individuals from gaining access to the existing financial system.

Financial exclusion encompasses several dimensions that describe the barriers that prevent some people from using financial services. These barriers include: *physical exclusion*, caused by the problems travelling to services; *access exclusion*, caused by processes of risk assessment; *condition exclusion*, when the conditions attached to products are unsuitable or unacceptable to consumers; *price exclusion*, where the price of products is unaffordable; *marketing exclusion*, where certain consumers are unaware of products due to marketing strategies that target others; and, *self-exclusion*, when people decide to exclude themselves voluntarily on the basis of past rejections or fear that they would be rejected (Leyshon, Signoretta, & French, 2006, p. 161).

The impact of financial exclusion is not only in terms of lost opportunities. It also means that the cost of financial transactions is significantly higher for the unbanked. For example, Solo (2008) found in Mexico City that financial transactions will cost the unbanked five times more than to those who are banked. Often, when the unbanked are paid in checks, they have to travel to the original bank where the check was

drafted, spending time and money in the process, while those who are banked just deposit the check into their account. In the United Kingdom, Kempson (1996) found that,when the unbanked needed to borrow money, they often had to borrow from home-credit companies and other sub-prime lenders at rates of interest that regularly rose to over 200% APR, while those with bankaccounts were charged only 10%-20% APR (see also Collard, 2007; Mitton, 2008).

While in developed countries most citizens and residents have bank accounts, debit and credit cards, access to loans, can purchase stocks, and are able to receiveremittances; such is not the case in most developing countries where these financial services are only available to a minority of the population (World Bank, 2005). In many developing countries, the financially excluded outnumber the financially included. The situation is worse in the least developed countries, particularly sub-Saharan African countries and South American countries, where more than 80 percent of the population is excluded from access to the formal financial system (World Bank, 2005).

How does financial inclusion work?

Financial inclusion is mostly geared to the individual household level and does not imply peer relationships. Financial inclusion includes all aspect of banking products such as checking accounts, payment services, direct deposits, credit and debit cards, insurance schemes, remittances, investments, inflation protected pensions, saving accounts, and loans. The essence of financial inclusion is that banks actively go after poor, rural, or asset-deprived households and arrange for them to have no-frill accounts.

In developed countries the problem of financial exclusion was tackled mainly on supply side. Governments have generally intervened in two ways: (1) by enacting appropriate statutory instruments that forced practicing banks to serve the poor or (2)by encouraging banking institutions to voluntarily provide affordable banking services to all without discrimination. In some cases, banks were nationalized when they failed to reach poor and marginalized groups (Kempson, 2006).

This method can only be applied if mandated by the state or if banks are persuaded that these small amount bank accounts are profitable. From government perspectove, banks need clear priority setting along with a set of incentives or sanctions to be made clear in case of incompliance. Measuring compliance by banks is relatively easy as the basic measure of financial inclusion is the number of bank accounts divided by number of residents. While not very sensitive at the margin this is the most used measure.

Evaluating efficacy

The few studies in this emerging field examine levels of financial inclusion. For example, in several developed countries the extent of financial exclusion is 10 to 30 percent of the population (Pratt, Leyshon, & Thrift, 1996; United Nations, 2006). Solo (2008) found that Bogota and Mexico City suffer financial exclusion at rates of 65-80%. UshaThorat, Deputy Governor of the Reserve Bank of India reported in a conference in London "that on an all India basis 59 per cent of adult population in the country have bank accounts – in other words 41 per cent of the population is unbanked" (Thorat, 2007, p. 2). Cnaan, Moodithaya, and Handy (in-press) carried out a study in rural Southern India to assess the bank reports that all household are banked. They found a rateof financial inclusion above the national average. Specifically, in these four states they found that the majority of households have access to banks and only 23% reported that no one in the household has a bank account.

However, this method is relatively new and no known study has assessed its efficacy in reducing poverty and improving quality of life. From the Cnaan, Moodithaya, and Handy (in-press) study it seems that financial inclusion can co-exist with abject poverty and poor

people with bank accounts are still poor people with minimal resources.

International debt relief

The logic

Throughout the years many underdeveloped countries, where most poor people live, borrowed large sums of money from foreign governments and international funds. These countries borrowed large sums of money to be able to facilitate development and economic growth. They are now known as the Heavily Indebted Poor Countries (HIPC). Regardless of how well the loans were handled it is evident that these poor countries have no way of repaying the money and any attempt to secure payment will hurt the majority of residents who are already living in extreme poverty. As these countries cannot repay, international lenders often opt to forgive the loans of the countries which are worst off in return for a deliberate set of reforms.Furthermore, as Lombe, Buerlein, and Dahl (2010) explained: "the rationale behind this is that resources released through debt relief will be mobilized and invested in the local economy" (p. 4). It is also agreed that countries with high international debt cannot grow and maintain efficient markets (Krugman, 1988).

International debt relief in the past 20 years is a mixture of economic reality, moral obligation of helping the poor, and hopes that by forgiving the debt countries will undertake pro-business steps.In the 1990s the Jubilee Movement started to advocate for international debt relief. They used biblical terms to gain support and predicted that in the year 2000 most poor countries will be free of their debt. They were very successful and received support from all across the political map and from numerous groups and individuals. In 1996, the International Monetary Fund (IMF) and World Bank announced a new initiative, namely the HIPC Initiative, with the aim of ensuring that no poor country faces a debt burden it cannot manage,.Two later initiatives in 1999 and 2005 expanded the scope of the program and its rules became clearer. In 2005, in accordance with the United Nations Millennium Development Goals (MDGs), the HIPC Initiative was supplemented by the Multilateral Debt Relief Initiative (MDRI). This supplement allowed for 100 percent relief on eligible debts by three multilateral institutions — the IMF, the World Bank, and the African Development Fund (AfDF) — for countries completing the HIPC Initiative process. This supplement also included countries that meet the HIPC criteria in the northern hemisphere.

In addition to the international organizations, certain governments also were involved in debt relief. Since 1989, under the leadership of Nicholas F. Brady, the Secretary of the Treasury of the United States, developed countries started their own debt relief programs. Between 1989 and 1995, 16 developing countries reached debt relief agreements with their private creditors under what is known as the Brady Plan. Similar to the HIPC Initiative, countries receiving Brady deals did so in return for committing to IMF and World-Bank supported reforms that are designed to increase openness and raise productivity.

While many celebrities from Bono (the singer) to Pope John Paul II support international debt relief there are many who oppose it. The chief argument of opponents is that debt relief can create perverse incentives for debtor countries. Allowing these countries to be exempted from paying their debt may permit their governments to prolong wasteful economic policies if not maintain outright corruption (Easterly, 2001).The opposition also claims that the process which is detailed below is impossible to monitor and puts undue burden on developing counties. Furthermore, debt relief also deprives the marketsin the creditor countries of resources and is likely to result in failed markets.

How does international debt relief work?

There are two steps that countries have to undergo before being eligible for debt relief. First the HIPC which is eligible for borrowing faces an unsustainable debt burden that cannot be addressed through traditional

debt relief mechanisms. There must be proof or indisputable evidence that the country is unable to repay. The relevant HIPC also has to document an established track record of progress though not full accomplishment as indicated in their reporting onto the Poverty Reduction Strategy Paper (PRSP). Making progress in this step makes a country eligible for debt relief. If the above is achieved, the Executive Boards of the IMF and World Bank formally decide on its eligibility for debt relief.

Once a country reaches its decision point, it may immediately begin receiving interim relief on its debt falling due. But, in order to receive the full and irrevocable reduction in debt available under the HIPC Initiative, which is step two, a country also must demonstrate a record of good performance under programs supported by loans from the IMF and the World Bank, implement satisfactorily reforms agreed at the decision point, and adopt and implement its PRSP for at least one year.

The logic behind this detailed procedure and its many conditions is that qualifying HIPCs are required to organize and implement a PRSP, which mandates that resources freed up by debt relief be focused on market generation and poverty reduction. For the countries that gave the money supporting debt relief, whether directly or through the IMF or World Bank, it is important that their investment not be wasted and in a few years they find themselves being asked for new loans. By stressing this process it is assumed that the two goals of reducing poverty and enhancing economic viability will be maintained in each HIPC..

Evaluating efficacy

Birdsall and Williamson (2002) assessed that international debt relief is "by far the most successful industrial-country movement aimed at combating world poverty for many years, perhaps in all recorded history" (p. 1). By May 2006, 19 states already qualified to have $23.4 billion of their debts written off through the HIPC initiative (World Bank 2006). The IMF (2010) reported that as of July 1st, 2010:

Of the forty countries eligible or potentially eligible for HIPC Initiative assistance, thirty are receiving full debt relief from the IMF and other creditors after reaching their completion points. Six countries have reached their decision points and some of them are receiving interim debt relief. Four countries, which have been identified as potentially eligible for HIPC Initiative assistance, have not yet reached their decision points (p. 2).

The fear that debt relief will hurt the markets in the creditor countries was found to be false. Arslanalp and Henry (2005) found that in any country that forgave loans under the Brady plan, the market rose by an average of 60% in real dollar term — a $42 billion increase in shareholder value.

Ferede (2005) studied 20 years of debt relief in 30 countries. She found that debt relief improved wellbeing through the mechanism of rising levels of consumption. She further noted that a 67% debt reduction produced a 129% increase in consumption. Similarly, Burns (2004) found that increased national debt decreased government spending on welfare and health and consequently negatively impact the wellbeing of children.

However, as Killick (2006) noted, the reliance of debt relief on meeting a large set of conditions, known as conditionality, is often impractical. Many of the states in need of debt relief agree to any condition set on them but are unable or unwilling to meet all of them and the record of compliance is quite poor. As such the impact of the debt relief is more moral and real-politics and less a genuine attempt to revamp local economic conditions.Many NGOs claim that the PRSP process is simply an exercise in forcing countries to accept liberal/capitalist tools of the past under the slogan of "poverty reduction" (Malaluan&Guttal 2002; Oxfam International 2004; Whaites 2002).

Birdsall and Williamson (2002) also noted that many countries, including the original HIPCs, are still

operating under a large debt. While many debts were forgiven many others were not and the countries' ability to pay them is futile. These authors also conclude that without direct aid to develop and sustain certain selected initiatives no real progress will take place. In other words, debt relief is important but only a first step towards poverty reduction and growth. To achieve these goals direct aid is also required.

Finally some scholars failed to find a relationship between debt relief and improved economic prosperity and/or health and welfare improvements (Hepp, 2005; Maloney, 2006). While there are very few who may argue that international debt relief is a bad idea it is also not a panacea, even for HIPCs. Only by linking welfare, health, and economic growth through a large participatory plan is there hope for such massive investment to be meaningful in improving residents' wellbeing.

Microcredit / microfinance

The logic

More than one sixth of the world population lives in households with per capita incomes of less than $2 per day. They have few opportunities of enhancing their economic status through direct participation in the labor market. According to the World Bank, there are over 500 million poor people in the world who are engaged in operating very small businesses, but lack access to adequate financial services (Ledgerwood, 2000).

Due to their low income they are often perceived as a greater risk in repaying loans. As such, banks refuse to loan them money. Throughout the years poor people realized that banks are disinterested in them and they developed antipathy towards banking institutions. The more serious problem is that banks perceived poor people as a greater risk than well-to-do people and refused to loan them money. Poor people most often lack meaningful collateral, steady employment, and a verifiable credit history. As such, they are barred from borrowing. The result of this exclusion from legitimate sources of credit is either economic stagnation or a forced reliance on loan sharks/local lenders who charge exorbitant fees for their services/loans.

Microcredit is often linked with women's empowerment and social development. Women were found to be less connected to low-interest loans than men and their moral obligation to repay loans is significantly higher than that of men. Gopalan (2001) noted that in India "the capacities to manage financial resources and the confidence acquired through such activities become the basis for women's participation in numerous village development activities" (p. 7). Despite the linkage with women's empowermentHandy, Moodithaya, and Cnaan, (2009) noted there are many men who also participate in microcredit.

No one knows for sure who came up with the original idea. Wikipedia suggests that "The modern invention of microloans is credited to St. Louis entrepreneur Menlo Smith who was struck by the abject poverty he saw in the Philippines." Regardless, microcredit in its current form emerged from the work of Mohammad Yonusfrom the Grameen Bank in Bangladesh. It is Yunus who replicated the model all over his country and proved that not only poor people can save but that they are more reliable in repaying debt then more affluent bank costumers. The term microcredit and Mohammad Yonus forever became synonymous when in 2006he received the Nobel Peace Prize.

How does microcredit work?

There are many models of microcredit and endless local variations. For example, Harper (2002) noted that in the Grameen model members are expected to follow strict rules set by the bank.However, Indian microcredit self-help groups (SHGs) members can set their own rules and as such need good local leaders.

At the core of all of these models is a bank representative who works with local residents to form a group of poor people interested in financial services. At times there is a moderator between the bank and the poor people in the form of a state-employee or a

community worker. The group elects its own leadership most often a president, vice president, treasurer, secretary etc. The members meet weekly or bi-weekly in someone's home or in a public place and discuss financial, social, and personal issues. Each member is expected to add something to their savings. At the end of the meeting the money is logged to credit the people who brought it and it is deposited in a participating bank (Morduch, 1999).

If and when a member needs a loan the request is discussed communally and, if approved, the money is immediately forwarded to that person. The person in turn is expected to start repaying the loan. The model relies on local voluntary groups to organize, save, seek, and guarantee loans made to its members. The group dynamics pressure each member to save regularly and, if taking loans, to pay the interest and repay their debt on a timely basis. Members can thus borrow funds to start small enterprises even where banks do not exist or the community is redlined. These social bonds guarantee high rates of loan payment and thereby generate a willingness on behalf of banks to provide the funds and financial officers needed for the microcredit SHGs to function. In essence, microcredit SHGs rely on a preexisting social capital and use it to attract lenders to help poor localities and disenfranchised people (Dowla, 2006; Harper, 2003; Rankin, 2002).

Members, individually or as a group, are encouraged to operateand start a small scale business that takes advantage of the local resources and is relevant for the local markets. Raheim (1996) noted that self-help microcredit groups "create opportunities for clients to engage in productive self-employment which will restore self-respect, facilitate self-reliance, and above all transform a condition of dependency to one of self-sufficiency" (p. 69).

Evaluating efficacy

Daley-Harris (2004) reported that by the end of 2003, "2,931 microcredit institutions have reported reaching 80,868,343 clients, 54,785,433 of whom were among the poorest when they took their first loan" (p. 3). This is a most impressive coverage. When searching on Google Scholar for "microcredit" there are 22,500 academic papers more than any of the topics we study here combined. Clearly, the topic was studied extensively. Regardless of the many studies that show..., in most underdeveloped countries microcredit is held and hailed as the greatest promise for social and economic development. A voluminous literature exists on the group dynamics that facilitates cohesion, cooperation, and loyalty within the group, including group identity, sanctions, and reciprocity (Anthony, 2005).

Some governments, most notably India, took microcredit very seriously and made it a national agenda. In India, the National Bank for Agriculture and Rural Development (NABARD) regulates and finances more than 500 banks that in return provide funds to members of (SHGs). Similar high coverage occurred in Bangladesh and South America. Many studies also found an increase of self esteem, social participation, women's empowerment, and social cohesion among members of microcredit schemes (Handy, Moodithaya, & Cnaan, 2009; Mahmud, 2003; Moodie, 2008).

What none of the studies report is a massive alleviation of poverty.Regardless of the country or region there are no reports that document a large group of people rising out of poverty. There are anecdotal stories of a select group of women who manage to start a successful business. They are the extreme minority and are not representative of the rest. Sadly, evaluation reports suggest that microcredit initiatives have yielded only modest economic results, differentially benefiting the less poor, and often put extreme pressures on women to repay loans that force them to use private money lenders or recycle loans (Cooney & Shanks, 2010; Handy, Moodithaya, & Cnaan, 2009; Honohan,, 2004: Montgomery, 1996; Mosley &Hulme, 1998; Rahman, 1999; Todd, 1996).

The latter criticism is particularly worrisome as there is evidence of husbands forcing their wives to borrow through a SHG,wasting the money, and leaving their wives to deal with the pressure to repay.

Another negative aspect of microcredit is the over commercialization of the method. In many parts of the world, microcredit is no longer focused on poverty alleviation or empowerment but on money making for the financial institutions. MacFarquhar (2010) reported that: "the phenomenon has grown so popular that some of its biggest proponents are now wringing their hands over the direction it has taken. Drawn by the prospect of hefty profits from even the smallest of loans, a raft of banks and financial institutions now dominate the field, with some charging interest rates of 100 percent or more." He noted as an example TeCreemos, a Mexican lender, charging a whopping 125% average annual interest rate.

MacFarquhar (2010) also reports that investment in microcredit is a good financial investment. For example, CARE International started a microcredit bank in Peru in 1997. The organization invested around $3.5 million. In Fall 2009, Banco de Credito, one of Peru's largest banks, bought the business for $96 million; a $74 million profit for CARE. In 2007, Compartamos, a Mexican microcredit group that originated as a small nonprofit organization, generated $458 million through a public stock sale. For most players, microcredit is no longer a social mission but a profitable business.

As such, it is no surprise that R. Subramaniam, principal secretary for rural development in Andhra Pradesh India, is reported to say that pressure tactics by microcredit agents brought people to suicide and caused major stress (Lakshmi, 2010). Consequently, in October 2010, "the Andhra Pradesh government introduced an interim law calling for more disclosures, a ban on coercive loan recovery measures and better controls on multiple loans to one person. The law also mandates displaying interest rates prominently on signboards and setting up district-level courts to hear complaints." These are all new developments of the past six to ten years that put a major damper on what was known as the gold standard of poverty alleviation.

Social industries/Social enterprises

The logic

Somewhat similar to the logic of Bottom of the Pyramid, this approach assumes that there are many vocational and entrepreneurial talents among the many poor of this world. It is also assumes that many people, for variety of reasons, did not get a proper educational opportunities when young and now are unable to find a vocation that will provide them decent living. However, unlike other modes of helping the poor this method focuses on small local solutions almost to the point that it is not a method but only something that repeats itself in many cities around the world (Carter & Mann, 2009). Our use of the term is more similar to that of Bridge, and Corriveau (2009) who included under social enterprises all possible individuals and organizations, so long as a major aspect of the business if social.

Gould (2006) noted that "in its most basic form, a social enterprise is a business dedicated to a social mission, or earning a profit for the financial furtherance of a social mission, although these are likely not the sole reasons for existence" (p. 5). However, Gould insisted that a social enterprise ought not to have profit. This is a debated topic and in our paper we include private businesses that assume a major social responsibility by employing those who would otherwise be chronically unemployed.

The idea is to open a commercial business that is owned by an individual, a group, or a nonprofit organization intending to be commercially successful. However, financial success is only one of two important goals; the other being training poor people in certain vocational skills and helping them become gainfully employed in the community. For example, if one opens a bakery that bakes pastry and sells it along with beverages, the owner(s) can also make sure that most

workers are people who are would otherwise be chronicallyunemployed, suffer from certain disabilities, ex-prisoners, etc. A few of the workers also serve as trainers but most workers after a year or two are encouraged to find similar job in the open labor market. However, at that stage they have vocational experience as well as supporting references.

This method is akin to co-op or field placement in higher education except for the fact that it is geared to poor people and it pays a salary. It is may be viewed as a type of paid apprenticeship but the goal is to make participants into employable individuals. One such example is "Monkey Business Café" in Fullerton, CA. This nonprofit organization is a coffee-house business that geared towards helping teenagers in foster care. Given the grim statistics regarding foster care children who are emancipated at the age of 18, this program aims at helping those in foster care to be prepared for the world. According to their website:

Monkey Business Café offers a 6 month paid job training program. Participants work one-on-one with a job coach to foster a pathway to success that includes work experience, employability skills and living skills. In addition, youth have life time access to a resource room that includes computers, community resources (housing, transportation, mental health services, medical services), career exploration, and educational support (Hart Community, 2010).

Similarly Minnesota Diversified Industries (MDI) also used a business niche to help unemployed people find job. However, in this case the aim is finding full time employment for disabled individuals. It began in 1964 serving 14 young adults with learning disabilities. The transformation began through the collaborative efforts of Sister Anna Marie Meyers and John DuRand, who shared a common vision of what could be accomplished.MDI offers a variety of Corrugated Plastic Products and Project-Specific Services for many business customers. It employs over 500 disabled people. In 2000 the company reported $54 million dollars in annual revenues with only half a million coming from grants (MDI, 2010).

Social industries /Social enterprises are a form of what is known as social business with a twist. Usually social businesses operate on a no-loss, non-dividend basis designed to address a social goal. In social businesses the profits are kept in-house and are used to expand the enterprise's reach and improve the product/service. Microcredit is an example of a social business. However, in the case of Social industries /Social enterprises profit is allowed and, for the purpose of helping people secure real jobs, the business operates very much like a for-profit firm. Furthermore, profits are acceptable and may be shared among owners of the operating organization.

Social industries/Social enterprises are also part of what Billitteri (2007) termed as the "Fourth sector" and others label as "hybrid organizations." In his words:

This new generation of hybrid organizations is taking root in a fertile space between the corporate world, which is constrained by its duty to generate profits for shareholders, and the nonprofit world, which often lacks the market efficiencies of commercial enterprise (p. 2).

How does Social industries /Social enterprises work?

The operation of Social industries /Social enterprises has many forms. In its purest form, when a certain group is in need of employment, and someone with business skills and entrepreneurial spirit is available, a business is established. The business can be a coffee shop, a bakery, a catering service, a supermarket, car wash, hotel, a newspaper, data processing service and so forth. Clients are sought after and marketing is carried out.

Workers with the exception of a few highly skilled and those training the rest are from the group facing unemployment. They can be ex-prisoners, ex-substance abusers, disabled people, or residents of a region with low employment. These people are invited

to come and be employees. They often receive salary as soon as they start working but at a lower rate as the ordinary labor market.

In addition to employment these people also receive training in job searching skills, interviewing skills, life skills, and vocational training. In some instances, as in the Minnesota example, they stay for as long as they want. In other cases, after a certain period workers are encouraged to go out and find a job, thereby freeing up their slot for another person who needs a job and job training.

Evaluating efficacy

Unfortunately, too few evaluation studies have been performed on Social industries/Social enterprises. Most of our knowledge comes from case studies of one organization that was of interest to an individual researcher. For example Ferguson and Xie (2008) reported findings on a social enterprise intervention with homeless young people in San Francisco. The intervention combined job training and mentoring in micro-business development with clinical services, harm reduction strategies, and high levels of social support. They found that the homeless young people participating in the social enterprise intervention showed significant improvement in overall life satisfaction, family contact, peer social contact, and depressive symptoms in comparison to the control group; however, they also reported a significant increase in high-risk sexual behaviors compared to the control group.

As this is a relatively new field we are unaware of the scope of Social industries/Social enterprises in terms of organizations, people helped, scope of help, and geographical frequency. Most of the literature is concerned with typologies, definitions, models, and legal frameworks. Empirical studies are the minority among publications dealing with Social industries/Social enterprises. As Barraket and Archer (2008) suggested: "The review of this empirical literature suggests that evidence on the impacts of community enterprise on participants/members and communities is limited and uneven" (p. 5).

Although Social industries/Social enterprises can be applied anywhere in the world, it is most often applied in advanced democracies of the West (see for example, Spear & Bidet, 2010). Although some work has been done in developing countries such as South America (Alter, 2002), this is not as popular in underdeveloped countries and as such is of limited scope in changing the picture of world poverty.

Furthermore, it seems that in order for it to work a strong market system has to be in place. It is then up to the relevant social entrepreneur to assess market conditions and decide what is missing that can be done by those long-term unemployed.

For the many individuals who learn life and vocational skills, or those who are placed at permanent work through Social industries/Social enterprises, there is no doubt that this is an amazing method. What is still unclear is the extent to which Social industries/Social enterprises can make a dent in the scope of world poverty.

Individual development accounts

The logic

In addition to having little or no income, the poor also often lack assets. This lack of assets inhibits the poor from engaging in activities that would increase their income, like starting a business or getting a college degree. A lack of assets also puts the poor at a higher risk of financial ruin caused by negative life events like a sudden illness or a natural disaster. Shobe (2002) points out that assets have also been linked to higher rates of educational attainment and lower rates of divorce, marital violence, and teenage pregnancy. *Based on a literature review Sherraden (1991) argued that assets:*

(a) provide stability, (b) create an orientation toward the future, (c) stimulate developmentofhuman capital, (d) stimulate maintenance and development of existing financialassets and real property, (e) enable people

to focus and specialize, (f) provide afoundation for risk taking, (g) increase personal efficacy, (h) increase social power, (i)increase political participation and (j) enhance the welfare of offspring (p. 583).

Individual development accounts (IDAs) attempt to increase assets among the poor by encouraging savings. Sherradan (2000) defined IDAs as special savings accounts, started as early as birth, with savings matched for the poor, tobe used for education, job training, home ownership, small business, or other development purposes. IDAs can have multiple sources of matching deposits, including governments, corporations, foundations, community groups, and individual donors (p.161).

By having their deposits matched, the poor are given incentives to build assets and increase their financial literacy. The assets that are matched can then be withdrawn for specific development purposes, like starting a small business, that have the potential to enable the poor or their children to escape poverty (Sherraden& McBride, 2010).

How do IDAs work?

IDAs require the participation of a beneficiary, usually a poor individual or family, and an institution, usually the government or a nonprofit institution, to match the funds deposited by the beneficiary. The size of the match can vary from 1:1 to 7:1(Zhan &Schreiner, 2005). Sometimes the beneficiary is the one who generally makes deposits, but other times, especially in the cases where children are the beneficiary, the beneficiary's family or friends also make deposits (Ssewamala, Han, Neilands, Ismayilova, &Sperber, 2010; Loke&Sherraden, 2009). Matching funds are generally capped to prevent the institutions providing matching funds from being obligated to pay more than they are able to.

IDA programs may also offer peer mentoring groups, financial literacy classes, or other services designed to help participants overcome barriers to savings (Curley, Ssewamala, &Sherraden, 2009). Almost all IDA programs permit beneficiaries to receive matching fund only if they withdraw funds for an authorized purpose such as buying a home or starting a business.

Evaluating Efficacy

Several evaluations of IDA programs have been performed, the largest of which has been the American Dream Demonstration (ADD) (for detailed results of this evaluation see Schreiner, Clancy, &Sherraden, 2002). ADD participants saved an average of $25.42 a month (Sherraden, 2003). Findings from this evaluation and others suggest that IDA programs do in fact encourage some poor individuals to save more and invest those savings in homes, education, and other development goals (Rom, 2005;Zhan & Schreiner, 2005). There is also support for the argument that IDAs benefit the poor in non-economic ways as well. Evaluations of IDAs find that participants were more hopeful about the future, felt more in control of their lives, and were less likely to engage in risky behavior (Sherraden, 2003; Sherraden& McBride, 2010; SSewamala et al., 2010).

However, many poor individuals do not save even when they have access to IDAs. In the ADD evaluation, 48% of those enrolled in the IDAs being studied "dropped-out" and had not saved any money by the end of the evaluation period (Schreiner &Sherraden, 2005). Findings from various evaluations of IDA programs suggest that households who have more than one wage earner, are more highly educated, or already have more assets are the most likely to take advantage of IDAs (Rohe, Gorman, &Quercia, 2005; Reutebuch, 2001; Schreiner &Sherraden, 2005).Also, individuals who experience unexpected financial hardship often withdraw IDA savings for unauthorized expenditures. These findings indicate that while IDAs can be very helpful, alone they cannot solve the lack of assets faced by the poor.

Corporate Social Responsibility (CSR)

The logic

Corporate Social Responsibility (CSR) is a generic term

covering a host of corporateHYPERLINK "http://en.wikipedia.org/wiki/Self-regulation" \o "Self-regulation"self-regulation practices and donative behaviors whereby business monitors and ensures its support and compliance with the law, ethical standards, local needs, and international norms. Like many such concepts is has many names and even more definitions and manners of implementation. In its simplest from, a commercial firm would embrace ethical practices that will demonstrate responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders, and all other members of the public sphere. CSR can be a commitment not to pay bribes, to avoid child labor, to pay fair prices for labor and products, to avoid misleading advertisements, to allow freedom of association/unionizing to workers, to support local social and economic initiatives, to avoid political lobbying, to pay fair taxes, and to minimize waste and pollution. However, it is essentially geared to aid a firm's mission as well as to identify what the company stands for and will uphold to its consumers and the wider social and physical environment.

CSR is a shift from the rational understanding that commercial firms are utilitarian and their only obligation is to stockholders who expect profit maximization. Van Marrewijk (2003) noted that "An intensive debate has been taking place among academics, consultants and corporate executives resulting in many definitions of a more humane, more ethical and a more transparent way of doing business" (p. 95). Generally speaking, firms that adopt the CSR philosophy would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating harmful practices. As Elkington (1997) noted CSR honors a triple bottom line: people, planet, and profit rather than profit alone.

Jenkins (2005) reported that "The mid-1990s saw further revelations concerning the use of sweatshops and child labour by leading US brands such as Gap, Kathie Lee Gifford, Nike, Disney and others. Activists' campaigns on these issues, highlighting the practices of market leaders, led to the year 1995/6 being described as 'the Year of the Sweatshop' in the United States" (p. 528).Bakan (2004) noted that corporations grew in size and power to a degree that most communities and state governments can hardly, if at all, control them. They were able to produce goods cheaply in one country by using ethically doubtful practices and sell them for a large profit in another part of the world. The public displeasure with corporations' abusive practices forced corporations to take action. Fearing massive governmental regulations and legislation, corporations willingly demonstrated their self regulation and commitment to the society in which they operate.

How does Corporate Social responsibility work?

CSR practices start with a corporate decision that the company needs to improve its public image and invest in being a good citizen. As expected, the ultimate concern is corporate reputation and marketing. Once a decision is made to invest in CSR the firm can implement it in a variety of ways; there is no preferred or most often used practice. Often the manner in which CSR is applied has to do with personal preferences of the firm's board and senior management.

As noted above, CSR can include many agendas including transparency and compliance with the law, environmental protection and restoration, community development, and so on. For the purpose of this paper we only refer to activities that are directed at poverty reduction. Many voices both in corporations and in governmental organizations emphasize that businesses have an active role to play in poverty reduction and sustainable development (Utting, 2007). In fact, there are many ways by which CSR can be relevant to poverty alleviation. Using Harris's (2010) typology the following are the key relevant methods:

- Transfer of funds from corporations to NGOs or foundations to support their work.
- Making donations of goods, premised and services to people in need directly or through NGOs (such a supermarkets giving free food to poor families).
- Encouraging customers to donate money to NGOs while shopping for the corporation's goods (such as airlines that collect passengers' money for UNICEF).
- Facilitation of employee volunteering.
- Sending staff to work for NGOs (in microcredit often banks pay for employees to work with SHGs.)
- Sponsoring fund-raising events.
- Conducting cause-oriented marketing.
- Engaging in strategic alliance with NGOs (such as the one between Starbucks and Conservation International which trains coffee farmers in Mexico).
- Associating themselves publicly with an NGO.
- Financially supporting government in carrying out a mission or simply financing a public initiative.

One famous example is the fair trade movement and practices. Again, while many definitions exist for fair-trade in principle it means that a corporation buys its raw material from growers in developing countries and pays them reasonable prices that allow them to hire workers and improve their system of production. As noted above, the coffee giant Starbucks collaborateswith Conservation International. The collaboration is based on the fair pricing of coffee beans that allow small farmers in Mexico to live above poverty and also provides training in modern agriculture methods for coffee growing. The corporation guarantees high-quality beans and commits to fair prices (McMurtry, 2008). This arrangement is only one of many similar fair-trade partnerships. However, not all of Starbucks coffee comes from fair-trade. As Rogers (2004) reported, Sue Mecklenburg, Starbucks Vice-President of Business Practices, stated that "Starbucks doesn't purchase 100 percent of its coffee as fair-trade certified, but 100 percent of the coffee we buy is under conditions that are fair to farmers."

Evaluating efficacy

The practice of CSR is extensively debated and criticized (Utting, 2007). Those supporting the practice claim that there is a strong business case for CSR: it good for society and corporations benefit in multiple ways. When corporations invest in a perspective broader and longer than their own immediate, short-term profits they contribute to the quality of life in many communities. Opponents from the business side claim that CSR distracts from the fundamental profit-making role of businesses. Third-party opponents claim that CSR it is nothing more than superficial window-dressing and only done when the corporations stand to gain. Further, left-wing opponents claim that CSR is an inexpensive attempt to pre-empt the role of governments as a watchdog over powerful large and powerful corporations.

There is too little data to provide a full assessment on CSR as a means for poverty reduction. However, Jenkins (2005) concluded that: "Corporate practices such as transfer pricing, tax avoidance or the abuse of market power are not part of the CSR mainstream. Most significantly for the theme of this article, CSR has not explicitly dealt with the poverty impacts of business activities. For instance, despite the growth of ethical funds in recent years, no fund management company includes impact on poverty as a specific criterion in the assessment of company performance" (p. 528).Ragodoo (2009) stated that, in the case of Mauritius, although operating corporations have the resources and capacity to help reduce poverty "only 11 per cent of CSR funds are devoted to the fight against poverty" (p. 19).

A few charities that work on international relief and support view CSR negatively. For example, Christian Aid assessed CSR as a completely inadequate response to the sometimes devastating impact that multinational companies produce. An Oxfam study also criticizes CSR stating that the practices used by corporations through their purchasing practices of retailers in the garment

and horticulture sectors cause damage that eliminate any contribution made by their CSR. It seems that while corporations have resources that can help in poverty alleviation, the pressure on corporations from all areas in society to be better citizens dilutes their ability to assist systematically in poverty alleviation. There are success stories but they are case studies and not a general trend; though the potential is immense.

Discussion and conclusions

In this paper we reviewed seven market-based approaches that are aimed at poverty reduction. From our analytic vantage point it is clear that no government, even those most committed to the welfare needs of their residents, can meet all human needs. Furthermore, past experience has shown that using market-based approaches was the key to some of the most successful social programs (such as old-age pensions). Our focus is then on methods that use market-related interventions to reduce poverty. We analyzed each approach by its rationale, implementation, and efficacy. The summary of the findings are presented in Table 1.

Method	Logic	Implementation	Efficacy
Bottom of the Pyramid	Businesses selling goods and services to the poor will improve the poor's standard of living, reduce the "poverty penalty," and increase opportunities for employment.	Products are reformulated to be affordable for the poor, and/or the poor are hired as producers and distributors of products.	A small minority of BOP programs become profitable and have a significant impact. The handful of BOP programs that do succeed positively impact the lives of the poor.
Financial inclusion	Access to affordable finance may enable the poor to undertake economic activities (such as small business loans) and to take advantage of growth opportunities necessary for financial empowerment.	Banks market no-frill accounts to the poor. Often governments encourage or mandate that the banks do this.	Nations can increase their rates of financial inclusion, but it hasn't eliminated poverty. More research is required in this area.
International debt relief	Poor nations have limited resources and therefore cannot develop their economies and pay back their debts. If creditor nations forgive debts with the condition that poor nations use their surplus to develop their economies, the poor individuals in those nations will benefit.	Poor nations seeking relief show the international community that they cannot repay their debts and that they have a plan to reduce poverty. Their creditors forgive their debt.	Debt relief improves health, welfare, and increases economic consumption. However, it doesn't completely alleviate poverty and must be viewed as a first step.
Microfinance/Microcredit	Creating capital requires capital. The poor often need small loans to operate/start businesses or otherwise remove barriers impeding them from escaping poverty.	Groups of poor individuals are given loans. Social dynamics ensure the loans are repaid.	The method has been widely used and has some benefits; but in most cases it doesn't alleviate poverty.
Social Industry/ Social Enterprise	Businesses can help the poor increase their employability by employing individuals who otherwise would not be able to find employment.	Businesses are created that focus on hiring people who are normally difficult to hire (ex-prisoners, long-term unemployed, etc.)	Few studies exist evaluating this topic. It may be difficult to implement in areas where there is not a strong market system

Individual development Accounts	Assets are needed for many activities that reduce poverty (entrepreneurship, education, etc.). The poor often don't have enough incentives to save assets because of their pressing needs. By making saving assets more attractive for the poor, they will learn financial skills and have money to escape poverty.	Poor are given savings accounts where their deposits are matched. Generally the funds can only be used for specific, development purposes (education, starting a business, etc.)	Helps some poor, especially those who already have some assets, but many who are eligible do not take full advantage of IDAs.
Corporate Social Responsibility	Businesses can reduce poverty by using their resources to support social programs. Businesses know that people are more likely to purchase goods and services from companies if they feel the company will improve society with the money	Varies widely depending on the specific company.	Helps to address some problems, but companies often do not do enough to solve all of the problems they cause.

When we summarize the overall efficacy of these interventions the sum is quite modest. These seven methods of intervention make a very small dent in world poverty. Many of them are small scale and others are too temporary. Clearly, they should not be viewed as the only or as a major solution to world poverty. This assessment is not meant to discredit the good things these approaches have accomplished; many people have improved their standard of living through these market-based approaches. However, the expectation that a single market-based approach or even all of them combined will solve world poverty is ungrounded. Researchers, policy-makers, and practitioners should instead focus on how to use a combination of market-based and traditional approaches to address world poverty.

We ought to see these interventions as additions to government programs and not as substitute. Even the largest corporation in the world cannot, on its own, solve world poverty. Our interest is on how much for-profit institutions add to the work of government and non-profit organizations. Governments and nonprofit/ development organizations should harness as many corporations and market-based interventions to enhance poverty reduction programs. There is a growing interest in the business community to change the world and the opportunities to recruit and collaborate with corporations are on the rise.

We also can view the market-base interventions as part of anew trend in which rich people are committed to be socially responsible. For example, by December 2010, a total of 57 billionaires have joined The Giving Pledge. They all have pledged to give away at least half their fortunes in a philanthropic campaign led by investor Warren Buffett and Microsoft founder Bill Gates. Their commitment is to spend fortunes that were amassed after paying taxes. The seven methods of intervention listed above are all related to pre-tax expenses. The current trend suggests that such interventions will be made more frequently and that more and more market-based solutions for poverty reductions will be developed.

These market-based approaches to poverty indicate a new trend. The traditional demarcation of the government, nonprofit, and for-profit sectors is no longer strict and clear. Within this framework helping the world poor is no longer the sole domain of governments and NGOs/NPOs. The days that firms and corporations only cared about their monetary bottom line are quickly vanishing and a new hybrid corporate firm is evolving that must assume responsibility to the environment and to the people in areas where it

operates. Starting to recruit business and business practices to reduce poverty is no longer a radical proposition and falls directly within the framework of hybridization. Likewise, businesses wishing to improve society should look to the nonprofit sector for expertise and partnership.

Every new comer to the field of poverty reduction efforts is welcome. As such, all market-based solutions are welcome. History has shown that solving world poverty is not something that businesses, government, or nonprofits can do alone.We also know that poverty is both a financial status and a state of mind. Simple monetary interventions are limited and ignore the complexity of poverty. Serious poverty reduction is multidimensional and costly. Perhaps businesses, government, and nonprofits together might have a chance. It is thus our call to governments and nonprofit/development organizations to include market-based partners and interventions in their poverty-reduction arsenal. They should not go alone at combating poverty but recruit and utilize the available market-based forces. It is a new world in poverty reduction efforts and those versed in making money should not be disregarded.

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