

The Private Sector's Role in Poverty Reduction

“The one thing more tragic than an incurable disease is knowing effective treatment and withholding it or failing to ensure widespread use.... The challenge is to take what works and ensure its wider availability.”

—Bill Shore¹

Changes, both radical and evolutionary, have characterized the role of corporations. Businesses have long acted as the country's engine for economic growth and have managed the market economy and its resources. Businesses have performed this role well—in many instances, extraordinarily well.

Global corporations have grown so large and important that many have a GDP that exceeds that of many large nations.² Data on the world's 100 largest corporations shows that their combined sales are higher than the combined GDP of half the countries in the world. The top nine international and global corporations (ranked according to the value of their shares) are General Electric, Microsoft, Exxon, Coca-Cola, Intel, NTT, Toyota Motor, Royal Dutch Petroleum, and Merck. Their websites show that all of them now publicly present a written corporate social responsibility (CSR) commitment as well as ethics programs.

This chapter explores not only the unique role that corporations can play in reducing poverty, but also the passion that many corporate leaders have for the contributions they make. We make the case that corporations engaging in strategic philanthropy can “do well by doing good” and can “get as well as give.” The opening case story describes the efforts of one giant corporation, Microsoft, to increase the opportunity for poorer people to achieve more learning and knowledge.

Microsoft Helping Serbians and Roma in Hungary Reach Their Unlimited Potential

Today, for the more than 1 billion people who have access to computer technology, life has changed profoundly. Information is certainly more readily available, connections are more easily made, and commercial trade around the globe is more efficient and accessible. For the more than 5 billion people who still do not have access to the technology, however, much still needs to be accomplished. To this end, in April 2007, Microsoft made a public commitment to expand its Unlimited Potential corporate initiative. The company’s long-term global business and citizenship commitment to enable new and sustained avenues of social and economic opportunity for people who have yet to realize the benefits of technology was renewed and accelerated. This initiative aligns Microsoft’s technologies, partnerships, business, and corporate citizenship to impact three key areas: transforming education, fostering local innovation, and enabling jobs and opportunities.³

The following story describes the impact that Microsoft’s educational efforts are having on the vulnerable poor in Central Eastern Europe, viewing education as the cornerstone of economic opportunity. Technology is, of course, vital in helping them achieve their education goals, and Microsoft is in a

unique position to help through information and communication technology (ICT).

Serbia

The Republic of Serbia is located in the southeastern part of Europe in the central part of the Balkan Peninsula. It is home to more than 10 million people, with more than a million living in Belgrade, the country's capital. The country has faced more than a decade of social and political upheaval, leaving many of its people severely impoverished and developmentally behind many of their international peers. According to an article in the International Monetary Fund in May 2004, the highest rates of poverty are found among certain vulnerable and socially excluded groups, including refugees, victims of torture, the long-term unemployed, and the Roma population. Literacy rates are low, especially among women, with 38% of women over the age of 15 illiterate, semi-literate, or having finished only elementary school (eight years), versus 52% of men.⁴ In 2007, unemployment rates were around 18%.⁵

Free IT Education for Vulnerable Groups

In October 2005, a project supported by Microsoft called *Free IT Education for Vulnerable Groups* was launched. Its aim was to increase computer literacy and the practical use of information technology (IT) among refugees, internationally displaced persons, Roma people, self-supporting parents, torture victims, and other underprivileged people in Serbia. Microsoft worked in partnership with the International Aid Network (IAN), a local nongovernment humanitarian organization, to offer 800 free information and communication technology courses to the most destitute and socially excluded groups in Serbia.

The classroom has 13 computers and is equipped with a library that includes Microsoft Press books, manuals, and multimedia CDs for self-paced independent learning. Participants are taught basic ICT skills needed for working in a modern business office, including word processing, working with spreadsheets, and information and communication using the Internet (see Figure 12.1). A typical course includes 20 classes lasting 45 minutes each and is based on a detailed curriculum with practical exercises for teachers and a short course plan for the participants, a manual, and a standardized exam. At the end of each course, successful participants are awarded a certificate of completion, one they can then show to potential and existing employers. And with these increased skills, they are then more likely to become integrated in the local community and become economically independent, either by getting employment, starting their own business, or potentially increasing their income.

By 2008, more than 1200 people had participated in the project. IAN project manager Ivan Stojilovic believes the project is “a perfect example of how society can benefit from cooperation between the private and public sector. As an international corporation, Microsoft supports ICT education of the most vulnerable groups at a local level... Together, we have helped hundreds of people get their life back on track and improved the local economy... This project increases each participant’s chances of employment. It encourages social contact and interaction between different vulnerable groups and local authorities, and in this way, it facilitates social inclusion. Using their IT knowledge and skills, participants can improve their position on the job market and rebuild their confidence.”⁶



FIGURE 12.1 Learning basic information and communication technology skills prepares students for the modern business office.

Hungary

Hungary, also in central Europe, has been a member state of the European Union (EU) since 2004 and has a population of more than 10 million, 700,000 (7%) of which are members of the Roma community. This disadvantaged group has been one of the nation's most serious sociocultural problems since the transition of the regime in 1990. Estimates are that for each employed person within the Roma community, six dependents rely on some form of government subsidy.⁷ Economists point to the low education level of the Roma community as the principal reason for its poor position in the labor market. Only one third of Roma children attend secondary education programs, and less than 1% of the population holds a third-level educational certificate. This low status in the job market and higher

unemployment rates cause poverty and widespread social problems. The situation is most dire among the Roma gypsy population, most of whom live in the northeastern and southern regions of Hungary. Within this group, 85% of the potentially employed are unemployed. In this catch-22 situation, the low education level of parents is the main reason for their unemployment, and their poverty is the main reason for the next generation's poor education prospects.⁸

In 2002, the Equal Chances of the Roma Association was established to improve opportunities available to these gypsy people. The Knowledge Center program was launched in 2004 to provide vocational training. And Microsoft is assisting them in their efforts.

The Knowledge Center

Under the Microsoft Unlimited Potential program and with the support of the European Union's EQUAL Community Initiative, the Knowledge Center program received grants in software and funding. This gives disadvantaged people more equal opportunities for full participation in the information-based economy. And specialists from Microsoft provide lecturers from the Microsoft Hungary team on an ad hoc basis to the training centers.

After the first year, the Knowledge Center established a formal distance-education program. This increased the number of students in classes, because students needed to migrate or relocate to undertake these studies. During the second semester of their training, these students receive their course work and study package to prepare for their exams via the Internet. Internet skills are also seen as essential for other sectors of life,

such as communicating with potential employers when searching for a job. In addition to a high-school education, each student receives computer-operation training and European Computer Driving License qualifications (see Figure 12.2). And to help them understand their ethnicity, students receive Romanology training, composed of language, culture, history, and literature.



FIGURE 12.2 Receiving computer-operation training in Hungary

Gabor Axtom-Varga, project leader of the Knowledge Center, says: “The support of Microsoft and Equal has helped us render a solid foundation from which we can grow our services for the future. We can expand the range of operations gradually and thereby reach an increasingly wide audience and help them obtain competitive knowledge and skills.”⁹ And strengthening the knowledge-based economy in Hungary is a task not only for the government, but also for multinational companies as responsible corporate citizens.

The Unique Role That the Private Sector Plays in Poverty Reduction

In our book *Corporate Social Responsibility* (Wiley, 2005), we identified six areas that represent most strategies that the private sector uses to contribute to local and global communities. Examples of poverty-related corporate initiatives are presented in the next section. We've added a seventh strategy to this list—developing and delivering affordable products for the large market at “the bottom of the pyramid.”

1. *Corporate philanthropy.* Perhaps the most traditional role that corporations play is that of making direct contributions to charities and causes in one or more ways: providing *cash donations* (for victims of a natural disaster), offering *grants* (for small farmers to purchase new, higher-yield seeds), awarding *scholarships* (for women to attend job-training workshops), donating *products* (food, clothing, and hygiene items), donating *services* (for dental care), providing *technical expertise* (for purifying water), allowing the use of *facilities and distribution channels* (grocery stores providing space for collecting canned goods for food banks), and offering the use of *equipment* (vans for transporting mosquito nets to remote villages).
2. *Community volunteering.* Corporations often support and encourage employees, retail partners, and/or franchise members to volunteer their time to support local community organizations and causes. For example, Levi Strauss & Co., headquartered in San Francisco, gives employees time off to volunteer at local HIV/AIDS service organizations. It also supports their participation in annual walks to raise funds for AIDS victims, and delivering food to patients.
3. *Socially responsible business practices.* With this strategy, a corporation adopts and conducts discretionary business practices

and investments that support social causes to improve community well-being and protect the environment. A good example of this type of initiative is Starbucks' efforts to encourage production of coffee using cultivation methods that protect biodiversity and provide improved economic opportunities for coffee farmers.

4. *Cause promotions.* This initiative is distinguished by a corporation providing funds, in-kind contributions, or other corporate resources to increase awareness of and concern about a social cause or to support fund-raising, participation, or volunteer recruitment for a cause. For several years, *Parade* magazine, in partnership with Share Our Strength, a leading nonprofit anti-hunger organization, has sponsored "The Great American Bake Sale" to raise awareness of childhood hunger in the United States and to also raise funds for hunger relief. In 2003, they raised \$1.1 million for food banks across the country.¹⁰
5. *Cause-related marketing.* In this scenario, a corporation commits to making a contribution or donating a percentage of revenues to a specific cause based on product sales. Most commonly this offer is for an announced period of time, for a specific product, and for a specified charity. The Project Red Campaign mentioned in Chapter 2, "Examining a Barrel of Current Solutions," is a great example. Organizations such as American Express and Apple make contributions to the Global Fund to fight poverty based on volumes of sales.
6. *Corporate social marketing.* As the phrase implies, this corporate initiative supports the development and/or implementation of a behavior change campaign intended to improve public health, safety, the environment, or community well-being. The distinguishing feature is the behavior change focus, which differentiates this effort from cause promotions that focus on supporting awareness, fund-raising, and volunteer recruitment for

a cause. Crest's Healthy Smiles 2010 program, for example, works to influence and support underserved minorities to seek frequent dental checkups and to brush and floss regularly.

7. *Developing and delivering affordable products and services.* This strategy has been described several times in this book in reference to those 2 billion, or even 4 billion, people at "the bottom of the pyramid." These people represent significant opportunities for corporations to tap immense entrepreneurial capabilities as well as buying power. In India, for example, the largest soap manufacturer, Hindustan Lever Limited, increased sales significantly when its communications began focusing on the importance of using soap when washing hands to help prevent diarrheal disease in the country.

Business Behavior in the Past

Corporate social responsibility is a relatively recent development in any corporation's life. Throughout the past century, corporations have asked for and demanded more rights rather than rendering the commensurate responsibilities attached to those rights. Many critics of corporations say that corporations' sales come at the expense of serious damage to the environment, and that collectively they are a leading cause of life-threatening air, water, and land pollution.

Serious commitment to corporate social responsibility started when government and citizens' groups demanded reforms and asked erring corporations to make amends for each publicized corporate abuse of power. Ralph Nader, the activist lawyer, is considered the father of consumer advocacy in opposing the power of large corporations.¹¹ In 1965, he published his book *Unsafe at Any Speed*. This well-researched book showed careful evidence of how structurally defective many American cars were, especially those made by General Motors.

Reacting quickly, General Motors tried to discredit Nader. It hired private investigators to look into his past and tried to trap him in compromising situations. All these attempts failed. Then it was Nader's turn to respond to the harassment. He sued GM for invasion of privacy. In the end, Nader won. The court made GM publicly apologize, and Nader netted \$284,000 as a case settlement. Nader used much of the settlement money to expand his consumer-rights advocacy.

Soon after, he organized his "Nader's Raiders" when hundreds of young inspired activists joined him in Washington, D.C. Nader led his energetic converts to investigate government corruption. Dozens of books documented the results of these investigations.

In 1971, Nader established the NGO Public Citizen as an umbrella organization for his widening efforts and projects investigating Congress, health, environment, corporations, and economic issues. Public Citizen has over 150,000 members and a battalion of legal researchers. Its works have been credited with enabling the passage of the Safe Drinking Water Act and the Freedom of Information Act. The creation of the Occupational Safety and Health Administration (OSHA), the Environmental Protection Agency (EPA), and the Consumer Product Safety Commission (CPSC) is said to have come from the tireless efforts of Public Citizen.

In the years following the development of Nader's Public Citizen, a succession of corporate abuses and misconduct raised public, government, and civil society demand for a more responsible corporate citizenship. The abuses were varied and wide-ranging. They involved issues relating to the following:¹²

- Executive greed, taking the form of excessive salaries and share options
- Corruption and fraud, represented by the series of corporate meltdowns among large, high-profile companies like Enron, Worldcom, Arthur Andersen, Tyco Laboratories, and Adelphia

- Environmental degradation caused by industrial practices in toxic waste disposal, and other air, water, and land pollution
- Human-rights abuses, such as knowingly using child or prison labor to make clothes, shoes, and sporting goods
- Fair trade and the increasing injustices in current global trade practices
- Flawed corporate governance practices among corporate board members and shareholders

Another civil society advocate and writer, David Korten, believes that all these abuses come from corporations' single-minded focus "centered on the love of money."¹³ However, the intensifying and almost unrelenting scrutiny that corporations are getting from the government, the media, other civil societies, and the general public has been leading to a change in this narrow centeredness. It is now clear that corporations are going in the direction of a more socially responsible commitment.

Business Needs to Reform

That reforms are needed in the business sector is no longer the issue. The issue is what shape those reforms should take. The needed reforms can go in two basic directions.

One direction is the radical reform that angry civil societies are talking about. They want a "reinvention" of corporations. That means no less than dismantling multinational and large corporations and replacing them with localized businesses. Why? Because big government needs reinvention in the same way. Korten says, "As business is localized, it will be possible to localize government as well. ... it is big business that creates the need for big government. ... The more we cut our giant corporations down to human scale, the more we will be able to reduce the size of government."¹⁴

Nader's advocacy, though much less radical, still belongs to this category of called-for corporate reforms. In the case of Nader's

Public Citizen, the focus is on securing corporations' commitment to good citizenship. The targeted commitment behavior is simple compliance with the law or laws that Nader's Raiders were able to get Congress to pass.¹⁵

The other direction that business sector reform may take is self-reform. Corporations voluntarily practice corporate social responsibility (CSR).¹⁶ It is commitment by "internalization."¹⁷ In contrast to compliance, it is the highest form of commitment.

Commitment from internalization and via self-reform is more realistic. Large and global corporations are here to stay because the world has a true and distinct need for them. They have done a lot of good in spite of their share of wrongdoings. The issue is not how to get rid of them. It is how to rechannel them along more constructive and responsible routes. One group of CSR advocates predicts that "the successful companies of the future are likely to be those which discover how to make full use of their relationship (with their communities) as a normal part of running their business, and so will move along...towards *full* citizenship."¹⁸

Responsible corporate citizenship behavior will span the continuum of compliance to internalization. A compliance program will take care of instances where the fear of punishment will act as deterrent to corrupt behavior. There is also an ethics program through which company owners and executives acquire the right value formation to behave responsibly and ethically when it comes to important company decisions.¹⁹

Corporations Engage in the Poverty Problem

In its 2003 Human Development Report addressing the issue of "ending human poverty," the United Nations Development Programme (UNDP) valiantly attempted to define the business sector's

role and responsibility in poverty reduction.²⁰ For countries following the model that poverty reduction is mainly a function of economic growth, corporations and enterprises must play the critical role of generating and raising income as well as creating employment. In addition, because sustained economic growth is seriously hampered by a culture of corruption, corporations and business enterprises must stop their practice of corrupting the government and each other.

In terms of direct support for poverty reduction, many corporations are known to be philanthropic. Some establish their own foundation that takes on poverty-alleviation projects, such as the Coca-Cola Foundation. Others regularly contribute to an NGO dedicated to helping the poor, such as the 118 large companies in the Philippines that formed and supported the Philippine Business for Social Progress (PBSP).

Coca-Cola Joins with Others to Fight HIV/AIDS

In Africa, Coca-Cola is the largest private-sector employer. In April 2002, the company set up the Coca-Cola Africa Foundation. Its primary avowed purpose was to “improve the quality of life in the communities” where the Coca-Cola Company is doing business.²¹

The foundation got directly involved, for example, in flood relief in Mozambique and in providing Angola with electrical supplies. However, its more important initiative that relates to poverty alleviation is its work in the Global Business Coalition on HIV/AIDS (GBC).

The *Global Business Coalition* is an alliance of some 170 international corporations that have committed themselves to helping combat the AIDS epidemic. This alliance has extended this help through assistance from member businesses’ expertise in anti-AIDS drugs and products, in service delivery and distribution, in mass communication

and advertising, and in program management planning and implementation. The UN has commended pharmaceutical companies that agreed to substantially discount the prices of essential AIDS medicines in affected African countries. A database is available of many other company case studies of corporate initiatives in this critical area of poverty alleviation for the vulnerable poor segment of men, women, and children who are AIDS victims. The database can be accessed at <http://www.businessfightsaids.org>.

The Philippine Business for Social Progress (PBSP)

In 1970, member companies of three business associations—the Philippine Council for Economic Development, the Philippine Business Council, and the Philippine Association for Social Action—decided to establish PBSP as an umbrella NGO.²² The concept was to coordinate through PBSP the funds that member companies in the three business associations were contributing to social and economic projects in different parts of the country. PBSP member companies committed themselves to annually contributing 0.6% of each company's before-tax net income to PBSP's antipoverty programs.

The specific role that PBSP defined for itself in poverty alleviation was as a “direct lender” and “broker” to the poverty market's microentrepreneurs in need of microfinancing. As a lender, PBSP used member companies' annual contributions to provide funds that local community-based organizations such as cooperatives and village-level NGOs can loan to their own microentrepreneur members. For its brokering role, PBSP has linked with domestic and foreign agencies in the formal economy whose resources were “denied the poor for one reason or another.” It has offered its services as a conduit of those funds to support its “credit-based income-generating program” (CIGP). In both roles, PBSP stated that it was guided by its vision of becoming the foundation that will establish throughout the

country “community-based credit structures that will enable the poor who do not have access to formal credit sources to improve their livelihood prospects.”

Businessmen offered managers some other ways in which businesses can engage in poverty reduction.²³ For example, businessmen who were in the processed food industry were challenged to do a “Monde Nissin.” This is a recommendation to produce processed food products specifically tailored to the needs of the urban poor family but priced at no more than 10 cents (or 5 pesos in local currency) a pack. Monde Nissin Corporation is the local manufacturer of the leading brand of instant noodles. It has specifically targeted the poor segment of the market (Class D and Class E consumers) and priced a pouch pack of its instant noodles for about 9 cents. Urban poor consumers can afford to spend only 20 cents (or 10 pesos) for one family meal.²⁴ To create a meal for a family of four, an urban poor mother prepares the instant-noodles pouch as a meal by boiling it with as many vegetables as she could buy for another 9 or 10 cents. For three square meals each day, the Class DE mother has a budget of 30 cents. That amount is the average daily earnings of an urban poor family in Metro Manila and two other urban centers.

Then companies that wanted to follow the example of Monde Nissin were further challenged to sustain and “Kaizen” this effort. These companies were to invest in two types of research. One type was in product research and development aimed at developing and continuing to develop products specifically tailored to the needs of the poor. The recommended research budget for this was 5 to 10% of total company annual product development research investment. The other type was researching the needs of the poor for better-quality food and beverage products. The research investment was also suggested to come to about 5 to 10% of the company’s total market research budget.

Businesses that are not producing food products were asked to think about contributing in another way. Each corporation may want

to adopt one poverty-alleviation program. Then this adopting corporation can lend sustained monetary and/or consulting assistance to the adopted poverty-alleviation program for making, say, its service delivery more efficient.

An interested corporation was urged to do something similar with the study's eight poverty segments and the eight poverty-assistance services offered by poverty-alleviation programs. A corporation could choose one pair consisting of a segment and an assistance service, and then it could lend to the adopted antipoverty program for this pair its management and social marketing assistance.

Those who are in management training services were asked, "What about helping improve the effective and efficient management of poverty-alleviation programs by giving sustained consulting assistance for three critical program-management items?" These three concerns are a management audit of a poverty-alleviation program, a management development training program after the audit, and program implementation and control consulting assistance after the training program.

Company Efforts to Bring Down the Cost of Goods and Services

Companies have traditionally neglected developing products and services for the poor precisely because poor individuals have little money. More recently, some companies have changed their thinking to see the poor as an opportunity market rather than a loss market. C. K. Prahalad describes many examples in his book *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*.²⁵

The formation of "Dollar Stores" is one retail example striving to bring down the cost of ordinary products. These stores carry many items priced less than a dollar. Some items are specifically packaged in smaller sizes so that they are more affordable. Although the profit

margins are smaller, this is made up by the large number of poor buyers who buy small amounts.

In a sense, stores like Wal-Mart and IKEA have worked hard to bring down the cost of many products. There is a double benefit in their sourcing an increasing number of products from poorer countries, because they also increase employment of the poor.

Ultimately, manufacturers have to innovate new ways to bring down the cost of products. Tata Motors in India has introduced the Tata Nano as the world's cheapest car (selling at \$2,500) to enable more people to afford a car. The MIT Media Lab has been working on creating a \$100 laptop to be distributed to third-world children. Jaipur Foot in India has created a way to customize a prosthetic foot that costs under \$25. Annapurna Salt has developed an affordable microencapsulated iodized salt to fight iodine deficiency disorder (IDD). (Most salt in India lacks iodine.)

Services are being developed that would sell at a lower cost. Doctors at Aravind Eye Care (AEC) in India can now repair cataract-diseased eyes at a low cost by implementing mass-production medical procedures. Banks have used microfinance to make small loans to poor people with an excellent chance of payback.

Social Marketing in the Private Sector

How Does the Social Marketing Approach Differ from Current Traditional Approaches?

As noted earlier in this chapter, corporations have a variety of ways to contribute to reducing poverty. These methods include initiatives related to cause promotions, cause-related marketing, philanthropy, altering business practices, employee volunteering, and social marketing efforts. Table 12.1 contrasts the more traditional corporate solutions and social marketing-oriented ones. As you saw in the

descriptions of the other sectors, the social marketing solution focuses on initiatives that influence specific behaviors that will help prevent poverty and/or help the poor improve their physical, emotional, and financial well being.

TABLE 12.1 Adding the Social Marketing Solution to the Mix for Corporations

Poverty-Related Issue	Traditional Solution	Social Marketing Solution
Agricultural productivity	Provide direct financing to suppliers to support technological improvements.	Provide an infusion of capital into the local microfinance community. This money then provides financing to farmers and their suppliers for technological improvements at more reasonable interest rates than they could get in their local market.
HIV/AIDS	Provide employee health-care coverage that includes access to antiretroviral drugs.	Develop workplace programs that include distribution of free condoms and confidential free testing and counseling.
Flooding	Provide employee volunteers to help homeowners in the community clean up their homes and properties after extreme flooding from hurricanes.	Host flood prevention and preparedness workshops at local facilities, including tips on how to be prepared for next year's hurricane season.
Retirement savings	Offer an option for employees to enroll in retirement savings programs, with automatic deductions from their paychecks.	Provide a "nudge" for retirement savings by offering a system in which the employee must indicate he wants to "opt out" of the program versus one in which he needs to sign up.

How Will Social Marketing Solutions Benefit Corporations?

Not only do social marketing initiatives provide an important and often missing solution for corporations that want to contribute to poverty reduction, but they also provide numerous additional benefits

to the corporation. We think this is one of the best options for “doing well by doing good,” because corporations often report one or more of the following outcomes:

- *Enhanced reputation.* Social marketing efforts tend to be more visible, to both current and potential customers of the company, as well as the campaign’s target audience. When an organization such as Microsoft provides instructors, computers, and software for job training in developing countries, recipients as well as observers are more likely to realize the company’s contribution than if they had just “written a check” to assist the poor in the community.
- *Enhanced ability to support real behavior change.* By their very nature, social marketing initiatives are designed to change behaviors that improve quality of life for the target audience. Corporations that support these efforts are likely to see positive, concrete results that they have helped produce. This benefit is often lacking with other types of support.
- *Enhanced brand loyalty.* Consider Crest’s Healthy Smiles 2010 program, mentioned earlier. It seeks to influence important oral health practices for underserved minorities. Product managers know that early positive brand experiences can greatly influence lifelong brand loyalty. Certainly Crest’s efforts will create positive associations for both these children and their families.
- *Enhanced product sales.* This is often possible when natural connections exist between the desired behaviors and the company’s products and services. Increasing the visibility and use of mosquito nets among the poor, for example, is also likely to make their installation and use more of a norm in the community. In turn, this will increase sales for manufacturers and retailers among those who can pay.
- *Enhanced employee satisfaction.* When employees also see the positive social change that the company’s efforts helped make possible, it is not uncommon for the company to experience increased employee retention, as well as productivity. Imagine your pride in your employer if you learned that its efforts to increase tuberculosis testing and treatment had saved thousands of lives in South America.

Summary

Companies can play a growing role in abating poverty. After many years of focusing only on profit making, they are beginning to assume social responsibilities, partly as a result of citizen activists' pressure (such as Nader's Raiders) and new laws and compliance, and partly out of conscience. Companies have acted individually as well as collectively to address problems of HIV, malaria, and other diseases as well as to bring down the costs of food and other products and services to make them more affordable to the poor.

Endnotes

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- ² From David Korten, *When Corporations Rule the World* (2nd edition) (Bloomfield, CT: Kumarian Press and Barrett-Koehler Publishers, 2001).
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- ⁹ Microsoft Unlimited Potential Report, November 2007. "Roma Gain Equal Opportunities through Unlimited Potential," p. 28.
- ¹⁰ Philip Kotler and Nancy Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause* (Wiley, 2005), p. 63.
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- ¹² M. McIntosh, D. Leipziger, K. Jones, and G. Coleman, *Corporate Citizenship: Successful Strategies for Responsible Companies* (London: Financial Times Professional Ltd., 1998), p. 44.
- ¹³ Korten, op. cit. Korten speaks with disdain about this centeredness and rejects it in favor of “one centered on the love of life.”
- ¹⁴ Korten, op. cit., p. 275.
- ¹⁵ This discussion of engaging for commitment draws on the framework of Herbert Kelman (1958), “Compliance, Identification, and Internalization: Three Processes of Attitude Change,” *Journal of Conflict Resolution*, 2: 51–60.
- ¹⁶ See, for example, Kotler and Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*; and McIntosh, Leipziger, Jones, and Coleman, *Corporate Citizenship: Successful Strategies for Responsible Companies*.
- ¹⁷ Kelman, op. cit.
- ¹⁸ McIntosh, et al., op. cit., p. xxi.
- ¹⁹ Ned Roberto in his *Survey of CEO Perceptions of Corporate Corruption and Misconduct at the Rank and File and Senior Management Levels* (Makati City: AIM Center for Corporate Responsibility, 2004) found that for petty wrongdoings and for rank-and-file employees (as seen by CEOs), it is the compliance program that works in controlling corrupt practices. On the other hand, for grand corrupt practices, the ethics program is more effective.
- ²⁰ United Nations Development Programme. Human Development Report 2003. Millennium Development Goals: A compact among nations to end human poverty. pp. 23–24.
- ²¹ Sourced from http://www2.coca-cola.com/citizenship/foundation_africa/html. Viewed December 22, 2004.
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