

Alleviating Global Poverty through Profitable Partnerships: Markets, Economic Well-Being and Moral Vision

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Poverty can be alleviated, if not *eradicated*, both locally and globally, but only if we change our narratives about global free enterprise and only if we rethink our mindsets regarding how poverty issues are most effectively addressed.

A novel perspective on corporate social responsibility (CSR) that links corporate initiatives to poverty alleviation in developing countries has been sparked by C. K. Prahalad's book, *Fortune at the Bottom of the Pyramid* (2005). In that work, Prahalad argues, in brief, that there are huge, unexplored markets in the poorest and most densely populated nations in the world [commonly referred to as the "base of the pyramid," or BoP], markets that should be explored if global economic growth is to be sustained in this century. Yet, BoP markets often have horrendous institutional barriers, many of which would either rationally preclude entry into those markets or encourage exploitation. Institutional theory seems to rest on the assumption of self-interest with guile and predicts that cultivating markets at the base of the pyramid is possible only if social responsibility is compromised.

In my comments, I will contend what my co-authors¹ and I suggest is the converse; namely, that institutional context provides *opportunities* for proactive market development that promise economic benefits which might also be considered forms of corporate social responsibility. In the globalized world, morally imaginative leaders of transnational corporations (TNCs) need not be thwarted by institutional structures characterized by political instability, corruption, or absence of the rule of law. Instead, TNC leaders can go around or work through such contexts to exercise what we describe and then identify as *moral vision with guile*, with which transnational corporations can overcome institutional barriers while benefiting many of the primary stakeholders, not merely stockholders.

Indeed, proactive initiatives at the BoP are imperative if new markets are to be developed, if global economic growth is to be sustained, and if the lives of those living in abject poverty are to be economically improved. In the presentation, I will describe three forms that such proactive initiatives can take and describe how leaders can craft morally imaginative responses in spite of inhospitable institutional structures.

While, no doubt, examples abound to demonstrate the strength of a thesis that rests on the restorative implications of CSR activities, it is both the exclusivity of that thesis and the presumptions about human decision-making to which we believe our work responds. Once the constraints of that analytical structure are removed, moral imagination, paired with entrepreneurial cunning (as will be discussed in the presentation), is able to flourish in order to guide the organization toward a rational, economic valued-added objective. In fact, if one could remove the bias imposed by the mental models inherent in self interest with guile, the eventual decisions made by those acting under that construct and those following a moral vision with guile would likely be completely aligned since the ultimate objective is to provide stakeholder value, which thereby ensures the long-term sustainability of the firm. However, the chasm remains vast between the two. Leaders of moral vision – both individuals and organizations – must serve as models of practice in order to demonstrate to their peers the future of a visionary systemic approach to stakeholder relationships.

(1) My presentation is based on a compilation of ongoing work in which I am currently involved with Drs. Patricia H. Werhane and Dennis Moberg