The Private Sector's Role in Poverty Alleviation and Economic Development

A new term has developed in the field of management over the past decade: base-of-the-pyramid (BoP) business. The meaning and nature of the term, though, is often misunderstood by academics and practitioners alike. Maligned as merely "selling to the poor," many overlook the most compelling questions surrounding the concept: What is the most effective way for the private sector to engage in poverty alleviation? Is it really best done by large companies making their products and services available to a broader global audience? Or, does it require more sophisticated strategies where economic capacity building is rooted in the ability of firms of any size to work collaboratively with poor communities to promote entrepreneurship and innovation? Is the best that companies have to offer philanthropic in nature, or are there ways to channel the competitive character of the firm toward the alleviation of social – and environmental – challenges? How do companies, governments, and NGOs need to work together to catalyze more effective economic development? Researchers from a variety of fields at Cornell would likely agree that seeing poor, developing countries as new repositories for existing goods and services is not where the private sector can have the most impact. The agenda stretches across social and natural science lines. Managers and leaders must find ways for private, public, and non-profit sectors to work collaboratively with local communities to address local unmet needs through the development of novel, profitable new products, services, businesses, technologies, and markets.

Mark

Mark B. Milstein, PhD
Director, Center for Sustainable Global Enterprise | Lecturer of Strategy, Innovation & Sustainable Global Enterprise
Johnson Graduate School of Management | Cornell University
405 Sage Hall | Ithaca, NY 14853
Tel. 607.255.4982 | Fax 607.255.5057 | mm462@cornell.edu