



**Informal Economy, Poverty, and
Responsible Management Education:
Global Perspectives
Submission 10393/Sponsor AAT**

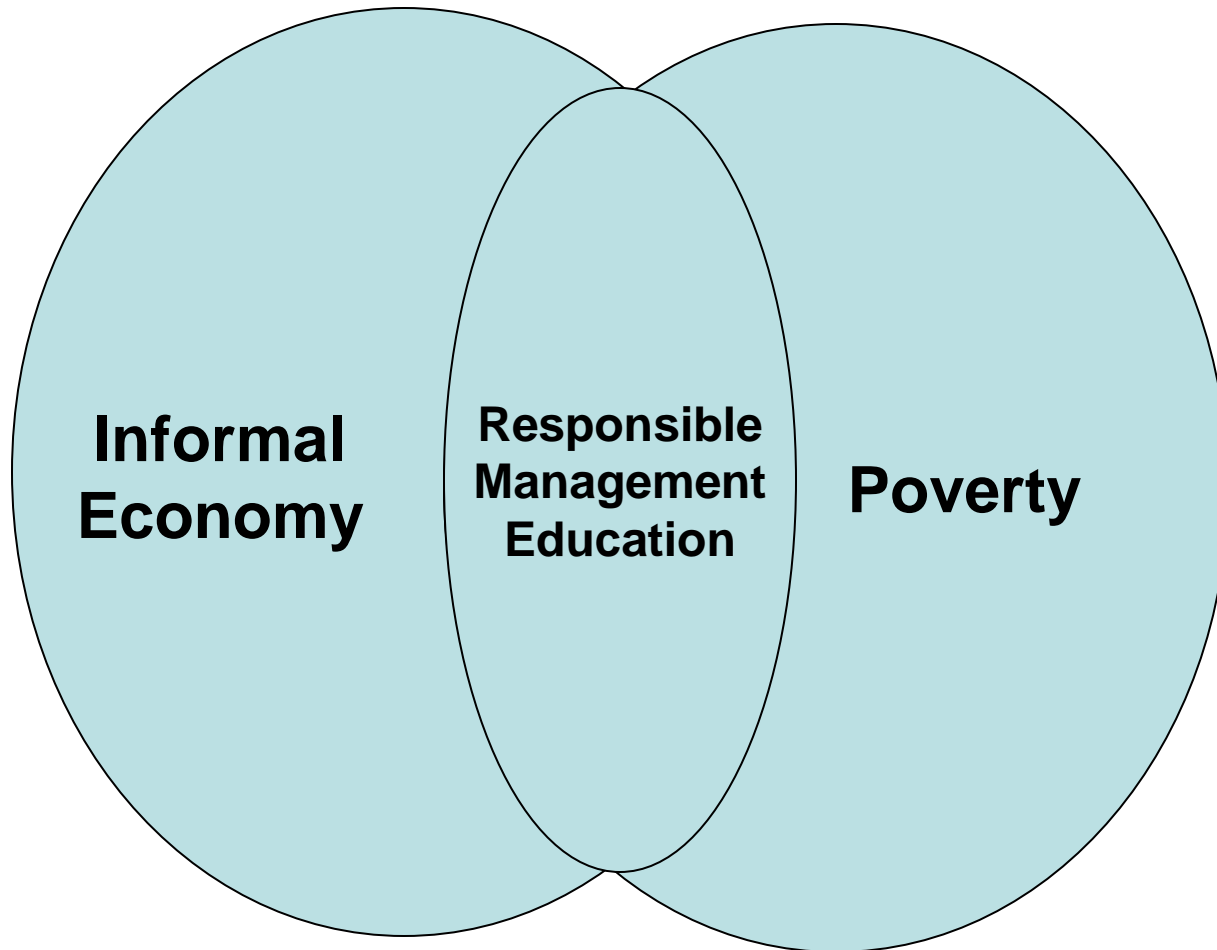
The Team:

**Farias, Gerard F.
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Boston, August 5, 2012

Framework for Discussion



Informal Economy, Poverty, and Responsible Management Education: Global Perspectives

- Hsu O'Keefe** : **Context and Framework**
- Paulo C. Motta** : **Getting Back at Social Exclusion: Informal Economy and Responsible Management Education**
- Gerard F. Farias** : **Informal to Formal – 3 Examples of Social Entrepreneurship from India**
- Mzamo P. Mangaliso**: **Informal Economy, Poverty and Responsible Management – A Focus on Africa**
- Milenko Gudic** : **Poverty and Management Education: A Global Perspective**
- Jonas Haertle** : **PRME – Business and Management Education for Corporate Responsibility**

Informal to Formal: 3 Examples of Social Entrepreneurship from India

Gerard Farias

Kaushalendra...



- Graduated from IIM-A India's top business school in 2007... a gold medalist
- Had many options for very high paying jobs
- Decided to go back to his roots and address poverty in his home district





- **KF takes the holistic view of the vegetable supply chain** and are organizing the two far ends of the chain. It is working towards integrating the informal vegetable supply chain by taking the following steps
 - “ Organizing the farmers and forming a group for collective and planned farming
 - “ Establishing and creating the supply chain infrastructure
 - “ Organizing the vegetable vendors and forming a marketing group
 - “ Linking the marketing and farming group
 - “ Advocating the agriculture training to the women in the rural area (most of agriculture labourers are women)
 - “ Using the latest technology in the agriculture and its supply chain.
 - “ Providing crop protection services through the pesticide companies.
 - “ Providing social, finance and information security
 - “ Uniform and identity card to the vendors
 - “ Identity cards to the vegetable growers
 - “ Insurance and credit facilities to the small and marginal farmers and vendors

Inir Pinhero... Grassroutes Inc.

- Graduate of Xavier Institute of Management Bhubaneswar
- Opted out of placement
- Search for an opportunity for impact



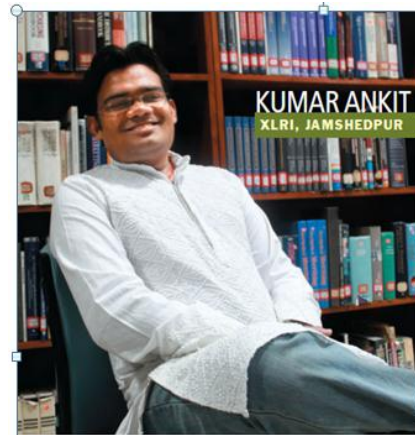
Grassroutes Inc.

- Helping urban India understand rural India
- Improve village economies
- Grant funding to develop village infrastructure for tourism
- Training villagers
- Marketing the villages as tourist and training destinations
- Special events...

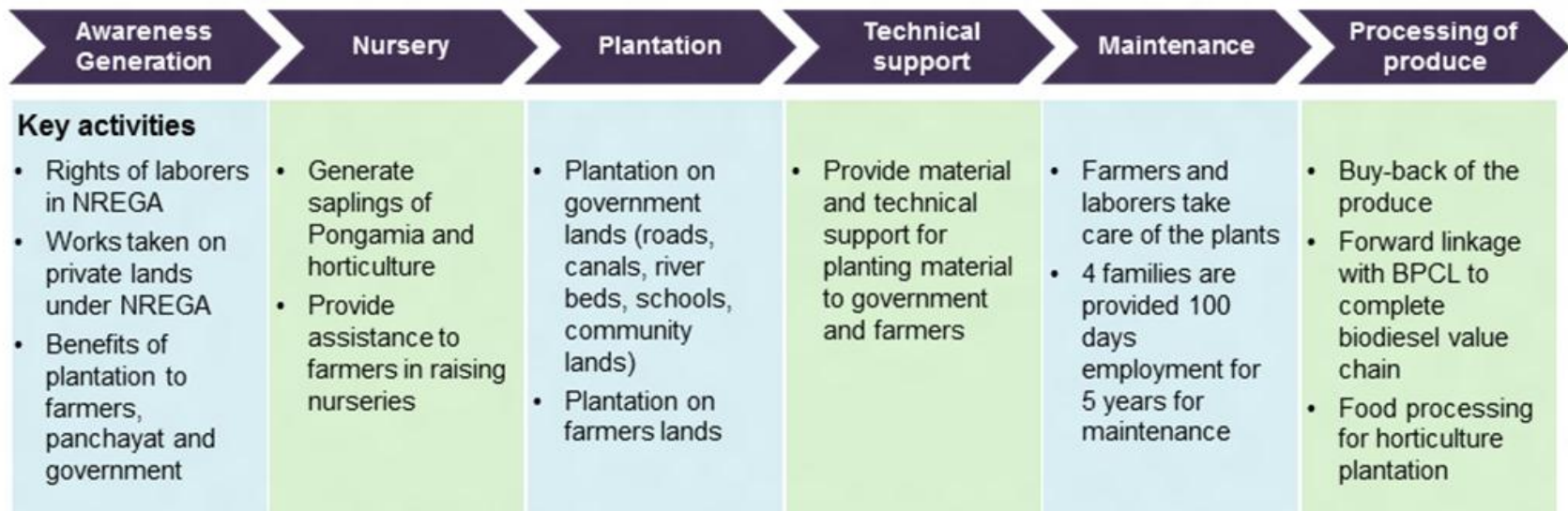
Ankit Kumar...



- Graduated from XLRI Jamshedpur in 2011
- Opted out of placement
- Began Bio-diesel business that generates income for marginal farmers working on wasteland



Ankit Kumar...



The Growing Ecosystem for Social Entrepreneurship in India - A Framework

The Societal Context

Socio-Economic, Cultural and Legal Environment

Sowers of Seed

- Learning Journeys
- Youth Fellowships
- Campus Clubs
- Competitions

Pipeline Creators

- Academic Courses
- Non-Academic Courses
- Incubators

Early Supporters

- Philanthropic Capital
- Angel Investors

Late Supporters

- Investors
- Funders/Grant-makers

Social Entrepreneurial Venture (across life-stages)

Inspiration => Plan => Proof of Concept => Early Growth => Institution Building => Scaling Up

Emerging Supporting Structures

Technical Support Providers

- Start-up Consultancy - HR support – Research & Advisory

Network Support

- Aggregators - Conferences

Advocacy Support

- Sectoral Bodies

Media

The Informal Economy, Poverty and Responsible Management Education

AoM 2012, Boston, 5 August



Fighting Poverty through Management Education: Challenges, Opportunities, Solutions

Milenko Gudić

IMTA Managing Director, CEEMAN

B-schools' perception of the global crisis and their own responsibility

- **CEEMAN 2009 Survey on Business Schools Responses to Global Crisis**
 - Schools' perception: The crisis is not only financial, but much deeper: economic, social, and above all ethical and moral
 - Asked about their own share in the overall responsibility, business schools seem reluctant to admit a greater share

Do business schools walk the talk?

- **Many schools claim:** *Our students come with already formed values and attitudes, which we cannot change*
- **Mission statements and marketing messages that business schools send to the market claim the opposite:** *We provide not only knowledge, but also skills and above all we help our students open their thinking horizons and develop new values and attitudes*
- **Do business schools walk the talk?**

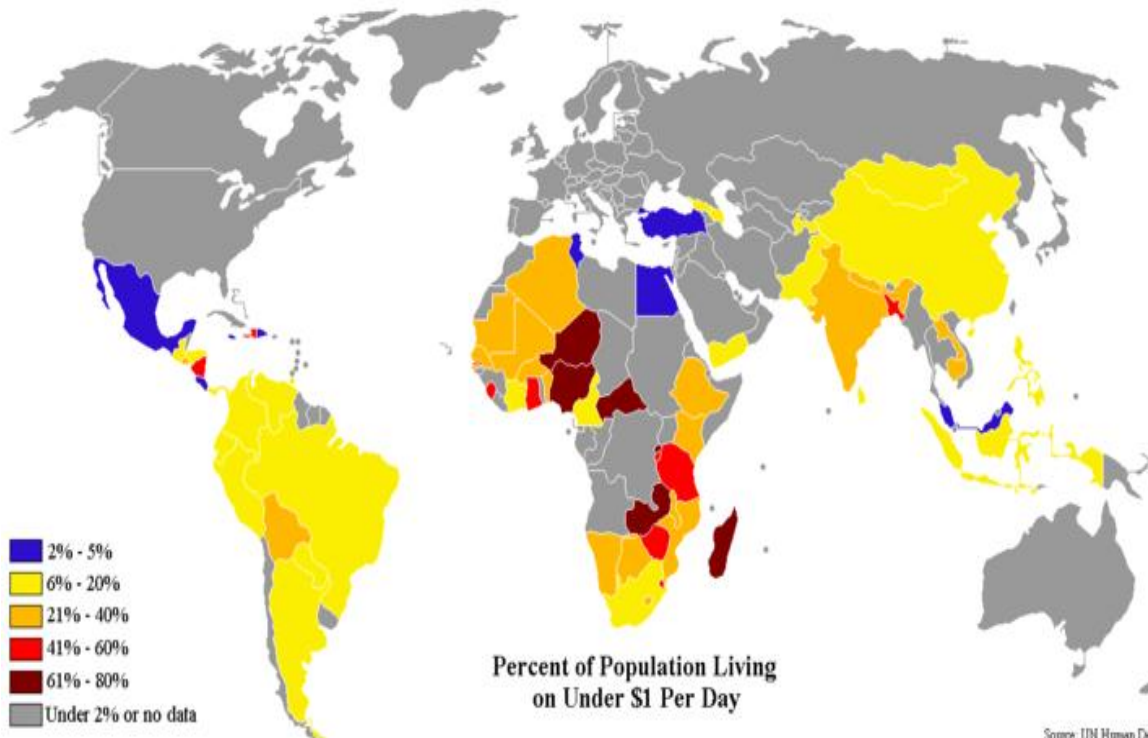
On euphemism and relativism

- Does the language really matter? *Bottom of the pyramid, low income markets, inclusive markets, or simply poverty?*
- Or the poverty line definition?
 - With *1.25\$ per day*, there are *1.6 billion* poor people in the world
 - With *2.00\$ per day*, the number of poor is *2.6 billion*
- **Two questions:**
 - *How many poor would be if the line is set at 2.75\$ per day?*
 - *How high is the poverty line in Glasgow, Scotland, if 40% of the population is below the line?*
 - *Will changing these numbers and definitions reduce the importance of the issue?*

The poor harbour a potential for consumption, production, innovation and entrepreneurial activity that is largely untapped

Poverty is best understood as a lack of opportunity to lead a life one values.

2.6 billion people live on less than US\$ 2 per day



Billions of people lack access to essential goods and services:

- No clean water: 1 billion
- No adequate sanitation: 2.6 billion
- No electricity: 1.6 billion
- No internet: 5.4 billion

We need to address the fundamental dilemmas...

- **Dilemma of Growth/Development**
 - Materialism versus Quality of Life
- **Dilemma of Power**
 - Control versus Freedom
- **Dilemma of Profit**
 - Self-Interest versus Community

...but also to resolve some paradoxes

- **Educational paradoxes**
 - The quantity of (disciplinary and fragmented) knowledge has been dramatically increasing
 - The level of (interdisciplinary and holistic) understanding of the world and its developmental paradoxes and dilemmas does not follow the pace
- **The economics of the 19th century (Manfred Max-Neef)**
 - Universities are teaching today medicine, engineering and other sciences of the 21st century
 - Only the economics being taught today is from the 19th century
 - Instead of changing models which do not fit, we are trying to domesticate the reality to make it fit into the (wrong) models

Fighting poverty through management education

- **2008 CEEMAN global survey on Management Education; Corporate Social Responsibility and Poverty**
 - Poverty is a serious global problem and a legitimate topic for management education
- **2010 CEEMAN/PRME global survey on Poverty as a Challenge to Management Education**
 - There are numerous innovations taking place in integrating poverty-related issues into all segments and levels of management education worldwide
- **2011 CEEMAN/PRME global survey on The Issue of Poverty in Management Education**
 - **Report for the 3rd PRME Global Forum in Rio, June 2012**
 - **Collection of Best Practices and Inspirational Solutions, Rio, June 2012**

Good news that oppose some of survey findings

- **Businesses are interested in fighting poverty, and are (as always) taking the lead when compared with business schools**
 - UN Global Compact was established in 2000, while PRME only in 2007
 - [UNDP GIM Report](#) identified more than 100 innovative cases of business strategies to deal with the constraints in the low income markets
- **Students are interested in learning about what businesses and they, as future business leaders ,could do to contribute to poverty alleviation. The same applies for a number of faculty and business schools**
 - [Collection of Best Practices and Inspirational Solutions](#)

What is in front of us?

- **Creating new intellectual, research, educational and institutional agenda in business schools through:**
 - External dialogues with all stakeholders
 - Internal dialogue within business schools
 - Faculty development is critical
- **Continuous involvement of [PRME Anti-poverty Working Group](#)**
 - 96 members from 75 institutions in 37 countries
- **[PRME](#) support**
- **[CEEMAN](#) will provide additional support also through:**
 - [International Management Teachers Academy \(IMTA\)](#)
 - [CEEMAN Champion Awards](#)
 - Other programs and activities, and events including 2013 PRME Summit



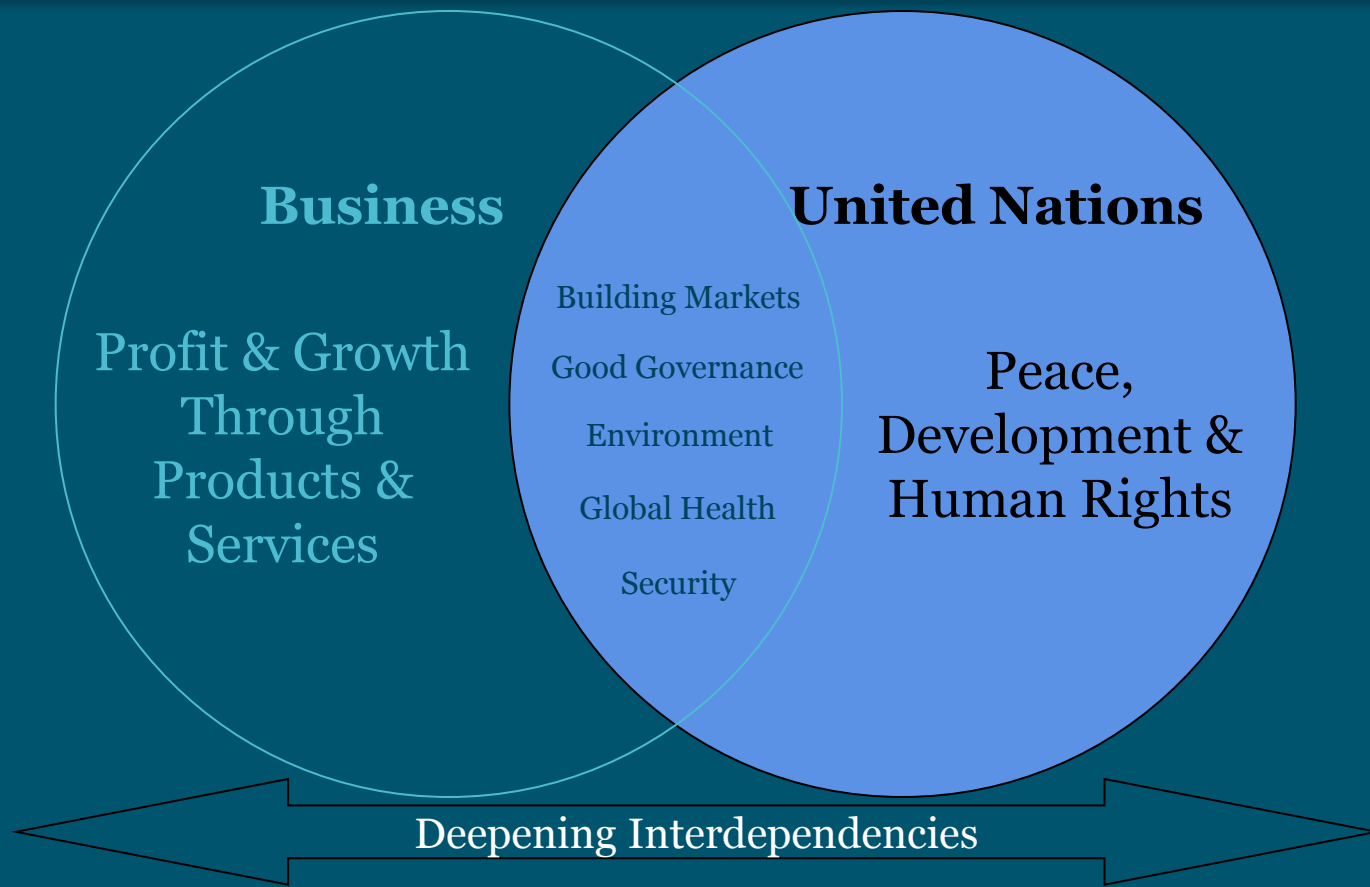
Principles for Responsible Management Education (PRME)

Business and management education for corporate responsibility

Jonas Haertle, Head, PRME Secretariat, UN Global Compact Office
2012 AOM Annual Conference, Boston



The UN & Business – Odd Couple?



Principles for Responsible Management Education (PRME)

- UN-backed initiative to change the **curriculum, research and learning methods** of management education based on UN Global Compact/ Corporate Sustainability approach
- 460+ bschools in 73 countries



PRME

United Nations Global Compact

PRME's Value Proposition

- Framework for Organizational Change
 - Six Principles
- Recognition of school's efforts to incorporate corporate sustainability
 - Students, Associations, Businesses, etc.
- Global and local learning communities
 - Working Group & Resource
 - Regional Meeting & Global Forum

