

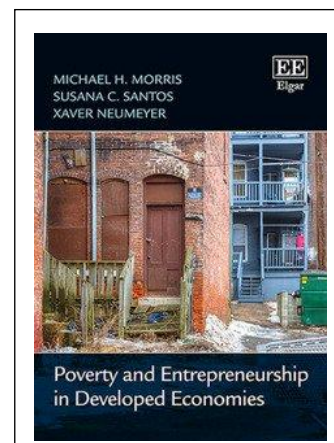
Book Review

Reviewing Implications “Poverty and Entrepreneurship in Developed and Developing Economies”

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Abstract This paper reviews the work of Morris, M; Walter, J and Neumeyer, X (2018) published by Elgar and which blends two important issues poverty and the reality of entrepreneurship, which focus on the context of developed countries. The review first explores the book diagnosis of issue of poverty and its vicious cycles, through understanding the poor environment, status and conditions. The entrepreneurial approaches suggested in the book are evaluated whether they would find surely the best alternative solution for coming out of the different types of poverty. The author accumulated experience of poverty labs carried out as part of the inspiration economy refine the review and see the entrepreneurship remarkable positive impact till the paper reaches a conclusion with the proposed appropriate set-up for a future alternative framework for developing countries.

Keywords Poverty, Entrepreneurship, Developed Economies, Developing Countries, Developing Countries

1. Introduction

Emerging and developing economies are progressing day by day, despite many crises that are related to socio-economies and socio-political challenges. However, they are still late compared to the developed economies who have managed to bring in more effective entrepreneurship programs, Acs and Virgill (2010). All these economies besides developed countries are still suffering from different types of poverty and where the total percentages reach between 10 till 30% of the population or more. Morris et al. (2018), Powell (2008).

Poverty is not about lack of income or wealth; it is more about a complex multidimensional phenomenon — the complexity of poverty influenced by its current sizeable proportion. Relative poverty is even more complex. For example, in the USA, despite billions of dollars spent annually on poverty elimination, poverty communities are 14% larger than they were 50 years ago. Buheji (2019b), Buheji (2019d).

While some might argue there will always be poor people, their sheer numbers, and the corresponding cost both to those who must live in poverty condition in the larger society. In this paper, poverty is not just about lack of income or wealth, but in fact, it is seen as a complex and multi-dimensional phenomenon, Buheji (2019d). The paper goes beyond the issues of housing, education, health, transportation, family relationships, personal safety, job opportunities, career prospects and psychological and emotional well-being; instead, it focuses on integrating creative approaches that help the poor overcome their different circumstances. Banerjee and Duflo (2007).

In order to meet the requirements of reviewing ‘poverty and entrepreneurship’ in both developed and developing economies, we need to understand poverty and its relation to entrepreneurship. Then we review how entrepreneurship can be a solution to poverty elimination. Sachs (2005). Then we discuss the entrepreneurship clusters in poverty communities. Buheji (2019b), Morris et al. (2018), Acs and Virgill (2010).

2. Literature Review

2.1. Understanding Poverty

Poverty has always been related to GDP, overall wealth, standards of living and level of ownership. When considering

what a poverty society is doing, we tend to think in terms of the median income rather than GDP.

US Census Bureau in (2015 and 2016) shows that the USA poverty is caused by the traditional setup of the minority of the wealthy people that are controlling 51.1% of income compared the other two classes: the middle and the moderately sized group at the bottom which accounts for 11.3% of the income only.

2.2. How Entrepreneurship can be a Solution to Poverty Elimination?

Entrepreneurship is seen today one of the main solutions to poverty in developing countries. In higher developed economies, entrepreneurship can have more returned due to the type of infrastructure that exists, that enhances the market opportunities. The presence of entrepreneurial projects among the lower and middle class helped many countries to transform their market, industries, communities and families status and radically eliminate poverty.

One of the challenges of entrepreneurship however is that it need a different mindset in approaching life challenges. This mindset would make the individual and family pursue opportunities, regardless how few the resources are. It is a mindset highly needed by the poor in under-developed and developing countries specifically. Morris et al. (2018), Acs and Virgill (2010).

Entrepreneurship is a natural inclination of the poor. Poor themselves can create a poverty-free world, that we have put around them, these changes are powerful. Entrepreneurship is not new among the poor. There are many success stories about poor people who started their ventures out of the conditions of poverty. Many successful ventures have been created by the poor, given the complex burdens that come with poverty and inherent difficulties in starting a business. Banerjee and Duflo (2007).

Entrepreneurs pave the way to better high-potential activities that help to eliminate or eradicate or prevent poverty, Sachs (2005). If the poor starts to believe that they too can bring in innovation to the economy, notably the country economy would witness the great transformation and sustainable socio-economic development. Buheji (2019b), Buheji (2019e).

2.3. Role of Entrepreneurship in Poor Areas

The role of entrepreneurship is to excite the venture created by the poor and reduce their greater gap struggle with those of higher income, or with a better education. Even entrepreneurship helps the poor to build more extensive networks, fewer health problems, safer surrounding and more exposure to entrepreneurial ventures. Buheji (2019a), Berner et al. (2012), Banerjee and Duflo (2007).

Never the less, moderate and extreme poverty remains a significant concern for many developing countries, Buheji (2019c). Therefore, developing the smooth transition to entrepreneurship is still counted on for achieving effective, sustainable poverty reduction, growth, and economic development programs. Reaching entrepreneurship by the poor depends on their level of accessibility for developing an active network, then they can and coop with the requirements. Berner et al. (2012), Acs and Virgill (2010).

In order to develop an entrepreneurship model that would fit the requirements for the very low-income, or extreme poverty community, the critical role of exploiting opportunities need to be examined, together with ways to expand the opportunities horizons of that poverty, Buheji (2019a). Usually, such programs need to be combined with literacy elimination, technology familiarity and community networking in order to build the necessary entrepreneurial ecosystem. However, in Buheji (2019 c, d) a call for radical change of such resource based approach is set, so that we see more rapid persons in poverty trying to launch their self-dependent micro-start businesses.

As the poor become entrepreneurs, they start to transform the economy and drive broader outcomes contributing to the global sustainable development agenda and SDG's Goal. These will result in the promotion of full and productive employment and suitable decent work for all.

2.4. Entrepreneurship Clusters in Poverty Community

Poverty community need particular entrepreneurship clusters that tackle poverty specific issues. Grameen Bank managed to build a functional cluster around its concept of microfinancing for the poor. Grameen cluster goes on to diversify the type of credits for little income families and remove any collaterals that can be an obstacle towards their full entrepreneurship which may have no credit or low credit score. What Grameen bank does is that it helps the poor to obtain and access resources while also avoiding to fall into the "commodity trap". Banerjee and Duflo (2007).

The idea is that countries need self-empowerment holistic initiatives that focus on low-income entrepreneurs as they prepare for launch and grow successful ventures that entrepreneurship in its many forms offers promise to everyone in poverty. Cho et al. (2014). This means that the real developed communities should be unique in supporting the poor, to reach entrepreneurship potential without real barriers. Thus, there is a need for a system that helps overcome the current status quo poverty-related solutions, so that we see more success stories of how the poor create their own entrepreneurial pathways out of poverty. Morris et al. (2018).

Studies in Morris et al. (2018) show that well-designed entrepreneurship programs improve earnings and livelihoods of the

poor as it involves 'learning by doing' with efforts of 'income generation'. The poor are more fit for effective standalone, programs more than any other type of market activities. However, the poor needs business support programs that incorporate the most vulnerable and the self-employed and provide them classroom with technical assistance services tailored to their needs. Cho et al. (2014), Banerjee and Duflo (2007).

2.5. Entrepreneurship in Countries with High Poverty

Around half of those labelled today of being in extreme poverty are expected to hail from hard-to-reach fragile and conflict-affected states, most of them in the Sub-Saharan African countries, Morris et. al. (2018). In the meanwhile, Africa is witnessing a youth generation never experienced in recent history. Making the best advantage of youth in creating entrepreneurship would lead to proactive elimination of poverty. However, entrepreneurship in extremely poor countries, as in the Sub-Saharan which came out of colonisation in the 1960s created a different model for their economic growth and development in relevance to absolute poverty reduction and employment creation. Buheji (2019a), Buheji (2019c), Berner et al. (2012), Powell (2008).

Africa has the fastest growing and most youthful population in the world hence the biggest workforce. Over 40 percent of this population is under the age of 15. Specifically, it is estimated that by 2050, the youth will constitute 18.6 percent of the population in Central Africa, 18.5 percent in Eastern Africa, 18.8 percent in Western Africa, 15.6 percent in Southern Africa, and 13.9 percent in North Africa ILO.

Africa is also the largest continent with the highest number of people living in extreme poverty, which accounted for about 383 million people living with less than \$1.90 per day, according to the World Bank. Generally, in examining poverty in sub-Africa, we consider of all sub-sharia African country. Buheji (2019c).

Across the planet, the number of people living in extreme poverty has dropped by more than half since 1990. The world managed to achieve a remarkable success stories in poverty reduction, Buheji (2019c). For example, China managed to reduce the poverty line to 15.9 percent from 84 percent (La, 2014), which led to sustainable economic prosperity development. However, almost all Sub-Saharan African countries failed to reduce their poverty below the \$2 a day. Berner et al. (2012).

Once the poor in Africa become involved in the innovative entrepreneurship acts, they would upgrade their production capacity, and establish a high value performance that embraces continuous development and involvement of their communities.

3. Discussion and Concluding Remarks

Poverty solutions have been mostly funded resources dependent. The degree of poverty is related to the limited level of the capacity of the individual to create enough financial resources. If an individual cannot afford to pay for rent, or transportation, or health insurance, or to go to school, because they can't maintain self-sustenance or a minimum level of independence, then they would be considered weak.

Optimising entrepreneurship in any community brings in direct and indirect socio-economic interactions and addresses poverty as a situation, as explicitly reported by Morris et al. (2018). Therefore, the entrepreneurship for those in both absolute and relative types of poverty could also be different. When dealing with 'absolute poverty' where the poor do not have the necessary money to meet the basic needs of food and shelter, the focus should be first on exploiting their capability to live the daily life with dignity and transform from being dependent to being semi-self-dependent. Blending the necessary entrepreneurial skills and taking initial steps, set the mindset towards self-dignity. Here, the poor can see the opportunity for survival with more than the limited choices which they have been living in. Here, even changing the geographic location, or the conditions around the poor, i.e. as treatment of illness or enhancing their functionality could make a difference. Buheji (2019e).

When we deal with 'relative poverty' we need to understand the situation of socio-economy and imaging the underprivileged cases within the society today and in the near future. For example, Buheji (2019 a, b) have mentioned about types of current and future poverty in the capital cities and amongst youth, due to the limitation of the 'quality of life' and the 'standards of living'. Therefore, the UK government defined that any household that does not earn 60% of the 'median middle-class income' is considered to be in relative poverty. Once the poor start to recognise the importance of their non-economic needs and wellbeing, they would use entrepreneurial skills to get out of his 'relative poverty'. Buheji (2019e).

Since income levels are highly related to relative poverty, entrepreneurship programs need to focus more on the less fortunate. This would help to increase in a country where the income is high. This can be witnessed in the success of Grameen Bank in New York, for example, after its great success in Bangladesh mainly. This would address the essential individuals 'functional literacy' which prevent the poor from creating a complete deal. This functional literacy can be seen in generational poverty, where the individual experiences ongoing poverty for two generations or more.

In summary, this paper confirms, and the work of Morris et. al. (2018) confirms that entrepreneurship can address

situational poverty, i.e. when people go through circumstances such as forced migration, divorce, unemployment, or other types of life crisis. Through poverty community entrepreneurial programs we can improve the life capacity of such community and make them confident with managing their life necessities.

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