

Title: Transformative Commerce: Enterprise, Ethics, and the Elimination of Poverty

Authors: Peter Heslam and Flint McGlaughlin (Cambridge University)

Abstract:

Commercial enterprise faces unprecedented opportunities to be an agent of positive social, material and spiritual transformation. This is partly because, under the impact of globalization, business is becoming the predominant form of global culture as people all over the world belong to the same community of work. It is also because global business enterprise demonstrates an ability to lift people out of poverty.

Recognition of this fact is growing as economic growth powers ahead in Asia and begins to take off in parts of Africa. Many people in rich countries, however, remain to be convinced. The mobilization of a huge conglomeration of NGOs, campaign groups, trade unions, celebrities and faith groups under the banner "Make Poverty History" in 2005 helped the plight of the world's poor to reach the top of the political agenda of the world's wealthiest economies. But with its focus on aid, debt relief and reforming global trade rules, the campaign largely ignored the positive potential of business to help in the fight.

Part of the problem is that much of the development literature focuses on definitions and causes of poverty. It is questionable, however, how useful this knowledge is compared to the question "what causes wealth?" If nearly half the world's population live on less than \$2 dollars per day, the crucial question this statistic should raise, but hardly ever does, is "what happened to the other half?" Seeking to answer this question implies a solutions orientated approach.

This is not to suggest that poverty will be solved by business alone, of course. To really prosper, a nation requires the social institutions that characterise free societies and the cultivation of norms and the exercise of virtues beyond the requirements of the law. These norms and virtues are instilled, nurtured, shaped, inspired and sustained through strong relationships, and through social institutions and networks, including religious ones, that are built on trust. But business thrives in such conditions, and as it does so it mounts an assault on poverty.

Norms, virtues, relationships, trust, social institutions and networks - these are all aspects of what social scientists now call "social capital". This paper will examine how indigenous commercial enterprise can contribute to social capital through its core activities, thereby providing local, sustainable and bottom-up solutions to poverty. Social capital is a broad category, however. We will therefore divide it into four of its elements:

- relational capital
- institutional capital
- moral capital
- spiritual capital

In discussing these types of capital, the aim of the paper will be to offer a framework to help commercial and social entrepreneurs, technology developers and church leaders to make strategic decisions that are likely to result in the growth of these four capitals. Case studies will be used that reveal the shed light on

the potential of Christian faith, appropriate technology and social entrepreneurship when they converge - the case studies being ones that have been witnessed and studied first hand by the presenters of the paper, both in Asia and in Africa. Lessons will be drawn from how obstacles have been overcome, opportunities have been grasped and models applied to other localities and situations.

The paper will conclude that social enterprise is crucial to the exercise of soft power in the world today. In contrast to the hard power of military might, soft power is chiefly about the positive potential of the relational, moral, institutional and spiritual elements of human culture that are as much part of the commercial sphere as any other sphere of human society. The social capital of developing countries is built up when social entrepreneurs take a lead in these areas, using appropriate technology and supported by local Christian communities. Attempts to improve living standards and quality of life issues without their involvement are bound to fail, just as attempts to grow commercial enterprise without concern for living standards and quality of life issues will be disappointing in the long run. In this sense, although the relational, institutional, spiritual and moral aspects of social enterprise may be referred to collectively as soft power, they are no longer the soft issues they have generally been thought to be. In a fragile and divided world they are becoming the hard issues, essential for socially and commercially successful enterprise.