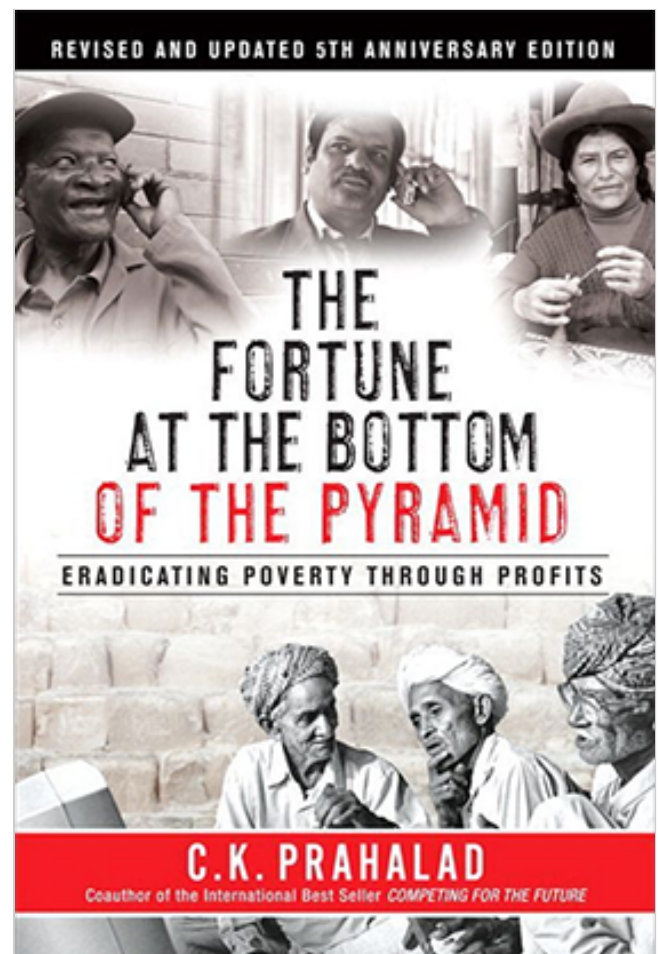


Eliminating poverty in the 21st century: using entrepreneurship, innovation, and technology to help the poor help themselves

The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits. By C. K. Prahalad. Upper Saddle River, NJ: Pearson Education, Inc., 2014, 405 pp., \$44.99 hardcover.

In recent years, we have found ourselves talking about “eradicating global poverty” and creating a workforce that brings the advantages of technology to remote areas around the world. As we continue to feel the aftermath of war and other conflicts that have displaced poor people in developing countries, many have cited the need for developing a plan aimed at easing the burden of global poverty and hunger, not only economically and politically, but spiritually as well. In *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*, C. K. Prahalad (died 2010), formerly the Paul and Ruth McCracken Distinguished University Professor of Corporate Strategy in the Stephen M. Ross School of Business at the University of Michigan, urges educators, business managers, and government officials at all levels to consider the ramifications of global poverty, hunger, and diseases, and begin to plan for global commerce to deal with that unfortunate situation. The book gives an excellent overview of a substantial portion of recent research in this area, with many case studies illustrating the nature of the problem. Most importantly, the volume discusses the many partnerships that have been formed between corporations and nongovernmental organizations to help address infrastructure and social problems in the developing world at an affordable cost. Involved in these efforts is the use of technology to create jobs as a new way to reach the “bottom of the pyramid” (the poor). Researchers in the field



will find the volume invaluable, not only for the wide range of original research it provides, but also for the wealth of new ideas that it presents on how to eradicate global poverty and create jobs for the poor in the 21st century.

The book covers how training individuals, creating microproducts, and supporting entrepreneurs and investors among the poor will enhance the global economy. The author suggests a number of solutions to the related problems of poverty and hunger, such as identifying individuals' economic conditions and then creating opportunities for them through innovative kinds of commerce. At the same time, the risks and benefits of whatever solutions are contemplated must be considered in order to determine both their economic effectiveness and their role in bringing about social transformation.

Research by the Kauffman Foundation makes it clear that the key to maintaining vibrant growth is a favorable policy environment for entrepreneurs who start and build innovative new businesses. For example, the data show that firms which exit the market are generally less productive than firms that have operated for a while, which in turn are less productive than new firms that survive the challenges of entry into the marketplace. Thus, the ongoing churn of what Joseph Schumpeter called "creative destruction" and, in particular, the entry of new firms are essential to introducing valuable new ideas into, and diffusing them throughout, the economy. The issue, says Prahalad, isn't "big" versus "small" government: economic dynamism can coexist with relatively high levels of social spending and a strong regulatory apparatus. Nor is the absence of those manifestations of "big government" any guarantee of a vibrant and prosperous economy. What is needed, rather, is the combination of economic freedom and proper incentives. By economic freedom, the author means the freedom of competitive market forces to operate without outside interference—for example, the freedom of new firms to enter the marketplace and struggling ones to close down, the freedom of businesses to hire and fire workers, the freedom of prices to move in response to supply and demand, and freedom from government intervention in the form of "picking winners." Meanwhile, it is vitally important that tax and regulatory policies, whatever their other objectives, be structured so as to preserve strong incentives to compete and innovate, and avoid perverse incentives to engage in unproductive activity.

Obviously, individuals and even—indeed, especially—poor communities cannot adequately develop and test preparedness plans in isolation. The new reality proposed by Prahalad requires a new partnership with investors, a partnership that should be grounded in active, integrated cooperation between all levels of government and society. This book helps to put these concepts into perspective with a review of the interoperability of government agencies with each other, with nongovernment agencies, and with other organizations. The author provides the reader with an update on technology and on concepts relating to planning, operations, logistics, and finance associated with the government's role in global commerce. He offers practical advice on the following topics:

- Professionalism
- Setting goals and empowering individuals

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- Teamwork
- Working with the community in rural areas
- Corporate culture and public policy
- Mentoring and networking: the power of information technology
- Leveraging the Internet
- Professional development
- Adapting to change
- Motivation and global opportunity

The Fortune at the Bottom of the Pyramid condenses corporate life lessons on how to be competitive, productive, and resourceful in a global economy. The book further integrates in a unique way much that is known about global commerce and about developing new skills that are relevant to commerce in the 21st century as way of eradicating poverty. It can be used as a practical guide by anyone interested in economic and societal change and in creating wealth.