

# Bread and butter matters

## Comment

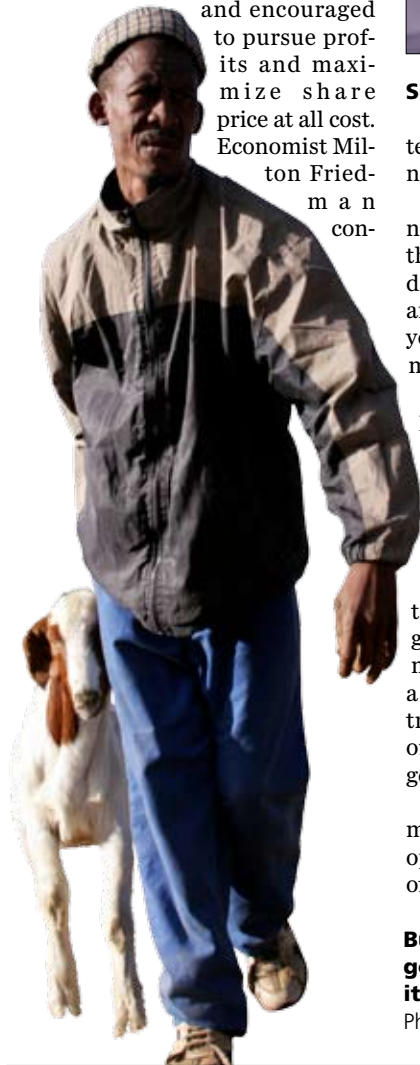
Mazwe Majola

For millions of people in Southern Africa — where more than 40% of the population is believed to survive on less than \$1 a day — each day is shaped by the extreme conditions of hunger, disease and despair.

This pandemic of poverty represents one of the world's most deadly scourges. Yet for the privileged, these horrors appear to be a natural, inevitable part of the geopolitical landscape.

Many people are hungry, lack shelter, are sick and not able to see a doctor. Multitudes of children are not able to go to school, and do not know how to read. Most adults do not have decent jobs, they fear for the future and live one day at a time.

Over the years, business has always been perceived and encouraged to pursue profits and maximize share price at all cost. Economist Milton Friedman



Supporting entrepreneurship can play a pivotal role in combating poverty in the region. Photograph: AP

tended that “the business of a businessman is to improve his profits”.

Yes, the objective of any entrepreneur is to make money. However, the million-dollar question is: how do you make money when people around you live in poverty? How do you make money where there is no money?

It is an indisputable fact that poverty attacks the foundations for healthy business. It cripples an expanding customer base; it destroys a stable and safe environment; and it weakens an agile, healthy and efficient workforce.

Matthew Forstater contends that endemic poverty stunts the growth of local enterprises and makes investment unattractive, as a result ensnaring the poor in the trap of underemployment and lack of access to essential and enabling goods and services.

To put it more optimistically, community prosperity and social development is in the long-term interest of business.

**Business robs itself of many golden opportunities when and it neglects poor consumers.**

Photograph: Oupa Nkosi

There is a link between business success and the building of stable and prosperous societies. Business, small or large, creates opportunities and jobs for people, wealth and tax revenues. It also provides the goods and services on which a society depends such as food, education, water, financial services and so on.

As a key player in the region, business has a crucial role to provide routes from poverty to prosperity.

Over the years, business people have grappled with this role. Some economists argue that the social benefits the economy generates — wealth, products and services, innovation and technical advances, jobs and tax revenues — are maximised by individual businesses' single-minded pursuit of shareholder value. As Adam Smith observed years ago: “People enjoy their daily bread thanks not to the benevo-

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lence of the baker, but to the baker's regard for his self-interest”.

For the private sector to significantly and optimally contribute to poverty eradication requires business leaders to better understand poverty in its various dimensions.

Business leaders must take initiatives. This is not to say that business must take over the roles and expertise of government and NGOs, but that a better mutual understanding of skills, perspectives and capacities in business and communities can only help toward poverty eradication.

## Consumers

Any business relies on customers to buy its products and services. The more people there are who are well off and able to purchase, the more business is viable and successful. The more businesses are successful and vibrant, the more the economy of the country grows. The more the economy of the country grows, the more jobs are created and poverty eradicated.

Business can't survive if consumers don't support it. So businesses rob themselves of a golden opportunity when and if they neglect the

poor consumers.

## Employees

Employees are one of the major stakeholders in the business sector. The more people who are employed and have high-paid jobs, the more they can support themselves and their families.

In other words, business can contribute to poverty eradication by creating employment. Companies doing business in impoverished communities are often confronted with a workplace that is poorly educated and suffers from poor health and vulnerability to crisis. It is therefore in the interest of business to invest in human resource development.

## Entrepreneurs

The promotion and support of entrepreneurship will play a pivotal role in combating poverty in the region. It is important and desirable to have as many entrepreneurs as possible.

They provide employment opportunities, generate income and reduce poverty. The simple fact is that business needs sustainable societies in order to protect its own sustainability.

Some countries in the region have performed very well in growing their economies; however, it is sad that poverty and unemployment continues unabated.

Business needs to come up with initiatives and programmes to deal with this anomaly. Development should be about transforming the lives of people, not just transforming economies.

The region needs economic growth and development that is shared and distributed. Without appropriate, meaningful and decent jobs, the Southern African Development Community region will find it difficult to transform itself, compete with other regions and eliminate poverty. I concur with Malcolm McIntosh when he says: “It is not that poverty is the business of business: it is more that business should be part of the solution to eradicate poverty, not part of the problem.”

Mazwe Majola is director at Business Unity South Africa, the secretariat of the SADC Employers Group. This article was sponsored by the Southern Africa Trust, in the furtherance of overcoming poverty

## Overcoming poverty through inclusive policy dialogue

There are numerous people and organisations working to end poverty, to varying degrees of success. By talking to each other and working together, we are able to multiply efforts aimed at eliminating poverty in southern Africa.

The Southern Africa Trust was therefore established to promote and facilitate regional policy dialogue for an inclusive approach to the challenges of overcoming poverty in the SADC region.

Please contact us on +27 11 318 1012 or go to [www.southernaficatrust.org](http://www.southernaficatrust.org) for more details.