

WHAT IS POVERTY AND ITS IMPACT ON HOMELESSNESS IN THE UNITED
STATES?

By

Meniru Ofodu

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Committee Membership

Dr. Kate Lancaster, Committee Chair

Dr. Michelle D. Lane, Committee Member

Dr. David Sleeth-Keppler, Graduate Coordinator

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ABSTRACT

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Meniru Ofodu

As a result of poverty in the United States, many find themselves homeless amongst other things. There is this unfair assumption that people who are poor or homeless are at fault. Is it not possible that someone could be working and then be laid off of work because budget cuts? Regardless, if one is at fault or not, it is the author's belief that it is important to have compassion for people as a whole, especially ones who are less fortunate. The purpose of research is to gain knowledge and hopefully a new perspective on the role of business in addressing poverty. In this case, knowledge and perspective on how bad people are living and what causes them to get into such difficult positions.

A definition of poverty is going to be established because poverty can differ depending on where you are in the world. From there, knowing how poverty is measured in the United States and gaining some statistical knowledge from respected sources will be important. Understanding how other developed countries address and reduce poverty will come next. Examples of the role of business in other nations in contributing to or alleviating poverty will be presented. Various solutions on poverty alleviation both in the

United and other countries will follow from respected sources will be included. The paper concludes with an analysis and discussion section.

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actually cared about the content of my project and I was not just another advisee to her. I appreciate all of Carol's help and if it were not for her this project would not be in the position that it is today. Overall, I would like to give special thanks to everyone involved in my success.

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INTRODUCTION

Poverty along with many other social phenomena continues to plague not just developing countries but also the United States. The United States is recognized as one of the most powerful nations in the world if not the most rich. As noted by Kristof: “The United States is the most powerful colossus in the history of the world: Our nuclear warheads could wipe out the globe, our enemies tweet on iPhones, and kids worldwide bop to Beyoncé.”(Kristof, 2015). However, the USA has accumulated many faults over the centuries in how business is conducted. Throughout the United States history, we have seen many forms of corruption, money wasted, and government programs fail miserably. But despite the problems, America has still been able to provide the possibility of the American dream to many of its people. I say ‘many of its people’ because there are still millions of Americans who are left out of the loop. Kristof adds: “A newly released global index finds that America falls short, along with other powerful nations, on what matters most: assuring a high quality of life for ordinary citizens.” (Krisof, 2015). Robert Moffit, an economist at John Hopkins University, said: “The working poor deserve some help; there’s no way I want to cut any of that. But there’s a group here that’s being left out.” (Cohen, 2015, P. B1). How can some people be left out the loop when the Declaration of Independence states “All men are created equal?” It is unsettling that people are starving and without shelter in this country. People who are born and raised in the United States should be given the opportunity to live the American dream but that is simply not the case for everyone.

According to [dictionary.com](https://www.dictionary.com) poverty is “the state or condition of having little or no money, goods, or means of support; the condition of being poor.” Poverty is unfortunately a known entity that affects many parts of the world, not just developing countries. Many nations just do not have the resources at their disposal to take care of their own people. However, this paper will be about one nation in particular, the United States. The exploration of the rise or fall of the standard of living in the United States in comparison to other nations is a very important notion to include. The goal by doing that is to see what other countries are doing to deal with their current poverty level or what they have done in the past. Comparing the United States to poor nations or nations that are subjected to poverty would be extremely irrelevant. It would be more beneficial to compare the United States to other rich countries like Canada or Germany because more often than not they are going to have similar attributes, similar natural resources, and similar resource availability because of their wealth. Creating awareness, insight and ideas in order to reduce poverty in the United States is the ultimate purpose of this paper.

As stated earlier, digging deep into the definition of poverty and understanding its different levels in the United States is of huge importance in this paper. For example, as a result of living in poverty, people can become homeless. Humboldt County is a county where a homeless person can be found at many street corners. Humboldt County is also an area where when it rains it rains pretty hard. The thought of knowing that people are sleeping outside where it rains as hard as it does is an unpleasant one.

Coming up with generic assumptions of why people are or become homeless would be easy to do. But through research the hope is to come up with concrete facts that will help the researcher make conclusions more precise, easy to distinguish, and understandable. In addition, the underlying hope is to raise awareness on an issue that plagues many citizens of the United States. Other people who are fortunately unaffected by poverty and homelessness can also begin to ask specific questions. Questions such as: if certain people are considered to be making a low income and they are living in a society where the cost of living is going up but their wages are remaining constant, how does one expect these people to have enough money to pay for basic necessities? The importance of understanding the cause and effects of poverty is critical in trying to find adequate solutions. So the research question is: How and why do people in the United States find themselves living in poverty and homeless? This question will be explored through a literature review. Another aspect of research will be to explore how our current business paradigm is tied to poverty and homelessness.

REVIEW OF LITERATURE

The research is spread out into six sections. The first section provides the definitions of poverty and explores the correlations between them. In addition, this section begins the discourse as a result of poverty people become homeless. The next section goes into the cause of and the extent of homelessness in the United States. This section includes an illustration of what triggers homelessness by referencing a report of homelessness in Harris County, Texas. The next section focuses on a few countries such as Germany, China, and Japan to see the extent in which poverty is present in their countries and how they address it. The role of business in alleviating or perpetuating poverty in various countries is then examined. Business can be used as a great tool to alleviate poverty but research will show that poverty stems from unsustainable business practices and values. To conclude, the solutions section looks at what is being done to alleviate poverty and homelessness altogether. HomeAid America does a lot of good things for unfortunate people and their organization along with the microfinancing method initially developed in Bangladesh could be real solutions to these issue. “The Wisconsin Poverty Project” section gives a great example of the work being done in the state of Wisconsin to try and alleviate poverty. With the understanding that poverty often times leads to someone becoming homeless, Timothy Smeeding and his team have put together a project that does not look at poverty at a national or macro level. They decide to look at poverty at a state or micro level in hopes of being able to more easily affect change through policy reform.

What is poverty and its connection to homelessness?

Poverty and homelessness have been measured for decades. They have been issues that people have been curious about finding ways to address. The Institute for Research on Poverty goes as deep as poverty levels in each state.

“The U.S Census Bureau determines poverty status by comparing pre-tax income against a threshold that is set at three times the cost of a minimum food diet in 1963, updates annually for inflation using the Consumer Price Index (CPI), and adjusted for family size, composition, and age of household.” (Institute for Research on Poverty, 2015).

Families and individuals with an income-to-poverty ratio of less than 100% are identified as in poverty. An income-to-poverty ratio of 50% indicates a family or person is living in deep poverty. Income-to-poverty ratio measures how close a family’s or individual’s income is to their poverty threshold, the depth of poverty for those below their threshold, and the nearness for those above their threshold. It does not indicate why these certain people or states are experiencing this type of poverty but it gives whoever is looking at it a good idea of the level of seriousness. (Institute for Research on Poverty, 2015).

Understanding the different types of poverty is essential when trying to comprehend the statistics. There is not just one universal definition of poverty. Yes, poverty is attributed to people who are poor. But the type of poverty spoken about in the United States is much different than that in, for example, a developing country. The level of poverty is more challenging than the one experienced in the United States. In less developed countries, Hagenaars and de Vos detailed the criteria for measuring poverty. Hagenaars and de Vos claim that all definitions can fit into one of the following

categories:

- “Poverty is having less than an objectively defined, absolute minimum.
- Poverty is having less than others in society.
- Poverty is feeling you do not have enough to get along.” (Hagenaars and de Vos, 1988, P. 212).

There are two different types of poverty covered in the categories above: relative poverty and absolute poverty. The term absolute poverty is another way of saying the commonly used term, extreme poverty. Absolute poverty or extreme poverty is when people lack the necessities for survival. Starvation, lack of clean water, proper housing, sufficient clothing or medicines and struggling to stay alive are all things people who are living in extreme poverty face. In the United States you can characterize these people as homeless or close to homeless people. Homelessness can be described as person who lacks a permanent home. (dictionary.com).

What is happening in this country?

The US Census Bureau is part of the US Department of Commerce. Their mission is to serve as the leading source of quality data about the nation’s people and economy. According to the Census Bureau, the United States poverty rate in 2013 was 14.5%. In other words, 45.3 million people in the United States are considered to be living in poverty in the year 2013, which is lower than the 15% reported in 2012. (United States Census Bureau, 2013). It was the first time since 2007 that the percentage of people in poverty had declined. But the question still is why and how can over 45 million people in the United States be living in poverty when Global Finance Magazine has ranked the

United States as the seventh richest country? Adding to that, as stated in the introduction, Kristof presents where the United States ranks on another measured list. Harvard Business School professor, Michael E. Porter, developed the Social Progress Index. (Kristoff, 2015). The Social Progress Index measures how a country is serving its people. This way of viewing the United States or any country is much different than GDP because GDP is very one dimensional as it only looks at income per person. The Social Progress Index looks at a multitude of things to really see how a country is progressing. A country could rank high in GDP but be progressing at a slow rate. Out of 133 countries in the study, the United States ranked 16th overall. However, in many areas the United States ranked as low as 87th. Porter said, “What we’re learning is that the fact that we’re not No. 1 on this stuff also means that we’re facing long-term economic stresses.” (Kristof, 2015).

The U.S. Department of Housing and Urban Development (HUD) conducts an annual report of homelessness in the United States. According to the most recent report in 2013, some of their key findings were

- “There were 610,042 people experiencing homelessness in the United States. Of those, 394,648 people were homeless in sheltered locations and 215,344 people were living in unsheltered locations.
- Nearly one quarter of all homeless people were children under the age of 18, 10% were between the ages of 18 and 24, and 67% were 25 years or older.
- On a single night in 2013, 109,132 people were chronically homeless. Nearly 85% or 92,593 were homeless as individuals. Approximately 15% or 16,539 were people in families.” (Henry, Cortes, & Morris, 2013, PP. 4-6).

For purpose of their report, a chronically homeless individual refers to an unaccompanied individual with a disability who either has been continuously homeless for a year or more

or has experienced at least four episodes of homelessness in the last three years.

Chronically homeless people in families refers to people in families in which the head of the household has a disability, and that has either been continuously homeless for a year or more or has experienced at least four episodes of homelessness in the last three years.

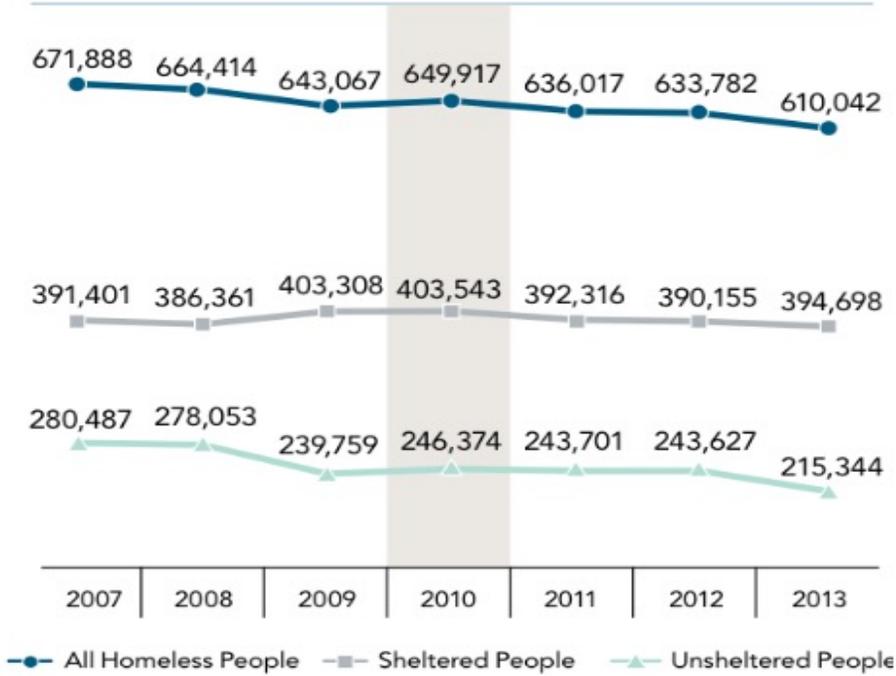


Figure 1 Estimates of Homeless People (Henry et al., 2013)

Figure 1 shows the estimates of homeless people in the United States from 2007 to 2013. It breaks down which of those people were sheltered homeless vs. unsheltered homeless people during those years. From 2007, there has been a steady decrease in the amount of homeless people each year. However, 610,042 homeless people is still a lot. Its relevance is significant because it gives a clear picture of the state of homelessness in this country.

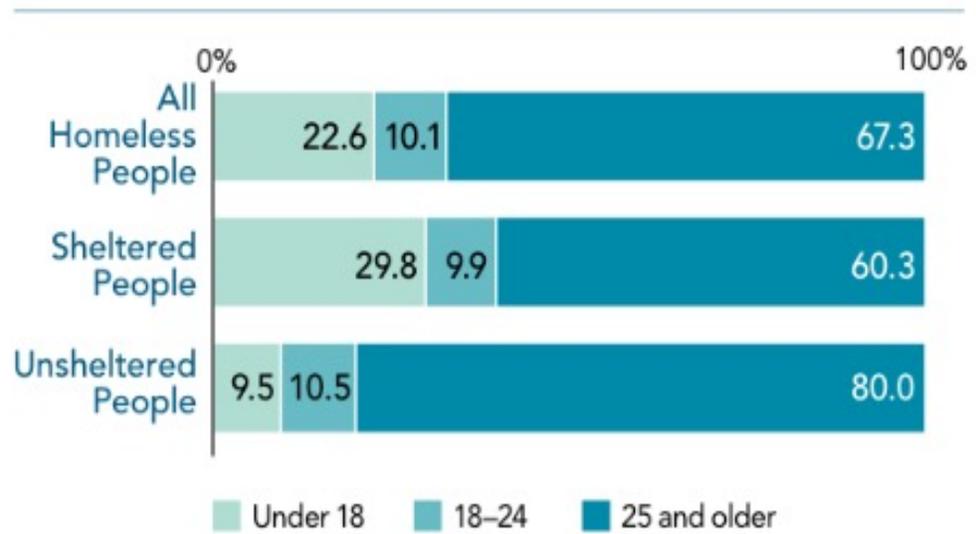


Figure 2: Percent of All Homeless People in each Age Category (Henry et al., 2013)

Figure 2 breaks down sheltered homeless and unsheltered homeless into age categories.

23% of all homeless people were children and 80% of all homeless people 25 years and older were unsheltered homeless. If policy makers are aware of what age groups are more affected than others they can maybe try and meet the needs of that age group.

Table 1 : Highest and Lowest Rates of Unsheltered Homeless People (Henry et al., 2013)

State	# of Homeless People	# of Unsheltered Homeless People	% of Homeless People who were Unsheltered
Highest Rates			
California	136,826	91,272	66.7
Florida	47,862	28,192	58.9
Arkansas	3,812	2,148	56.3
Nevada	8,443	4,745	56.2
Mississippi	2,403	1,320	54.9
Lowest Rates			
Delaware	946	10	1.1
Maine	3,016	62	2.1
Iowa	3,084	134	4.3
Massachusetts	19,029	850	4.5
New York	77,430	4,157	5.4

Table 1 illustrates the number of people who are unsheltered homeless by state as a percentage of total homeless. California, Florida, Arkansas, Nevada, and Mississippi are represented as the states that have the highest rates of unsheltered homeless people. Delaware, Maine, Iowa, Massachusetts, and New York are represented as the states that have the lowest rates of unsheltered homeless people. In the fight to reduce poverty and homelessness, it is going to take a collective effort. Each state is going to have to play a role order for the national estimate to decline. In addition, states with the highest rates of unsheltered homelessness can collaborate with states with the lowest rates to see what they are doing.

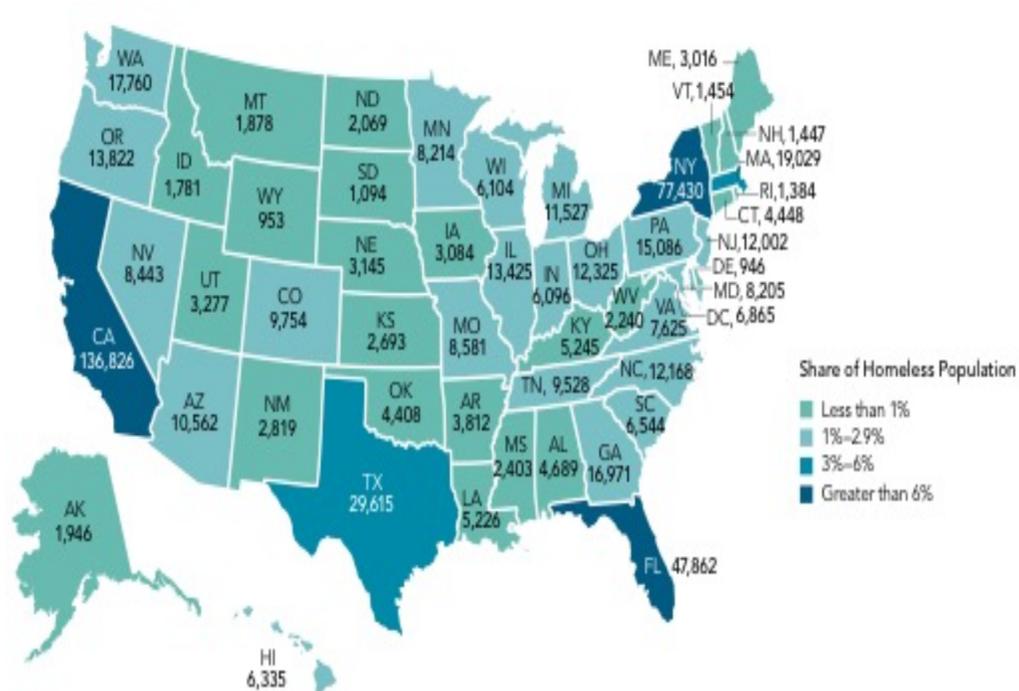


Figure 3: Estimates of Homeless Individuals (Henry et al., 2013)

Figure 3 gives an overall view of the United States by giving estimates of each states homeless population. In addition, the different color of each state may have indicates what percentage they are responsible compared to the rest of the country. Of interest is that the state of California has almost twice the number of homeless in any other state.

HomeAid America sees first-hand the types of people who they are responsible for housing and because of their front row view they are able to depict causes of homelessness. The types of people HomeAid have housed include abused children, victims of domestic violence, at-risk teens, returning military veterans, those who are temporarily out of work, and victims of natural or other catastrophes. The organization also notes that more than half of the homeless they serve are families and children. They

have identified a number of reasons that push people into living on the street. Some of which included tragic life occurrences like the loss of loved ones or the loss of a job. HomeAid's message is clear, if they can identify leading causes then they can better facilitate the end of homelessness in America.

Figure 4 illustrates what the leading causes of homelessness are in the city of Houston. According to this figure, 35% of those were triggered by the loss of a job. This figure came from the *Coalition For The Homelessness*, which serves Houston and the greater Harris County, Texas. They are a small "non-profit organization whose mission is to provide leadership in the development, advocacy, and coordination of community strategies to prevent and end homelessness." The coalition was established in 1982 and has been proactive in leading efforts in response to homelessness in the Houston area. As part of their data they were able to come up with the leading causes of homelessness in their area. Listing the leading causes can be helpful in finding a solution. Figure 4 also lists, drug and alcohol abuse, change in family status, sick, disabled, or mental issue, incarceration, abuse at home, eviction by family member, and bills higher than earnings as other triggers to homelessness in Houston.



Figure 4: What Triggers Homelessness? (Homelessness 101, 2013).

Figure 5 emphasizes which ethnicity experiences homelessness the most. Figure 5 comes from statistics developed by the US Department of Housing and Urban Development in 2010. The Substance Abuse and Mental Health Services Administration (SAMHSA) present this information on their website. SAMHSA's homelessness resource center "is an interactive learning community dedicated to disseminating knowledge and best practices to prevent and end homelessness."(Homelessness Resource Center, 2010).

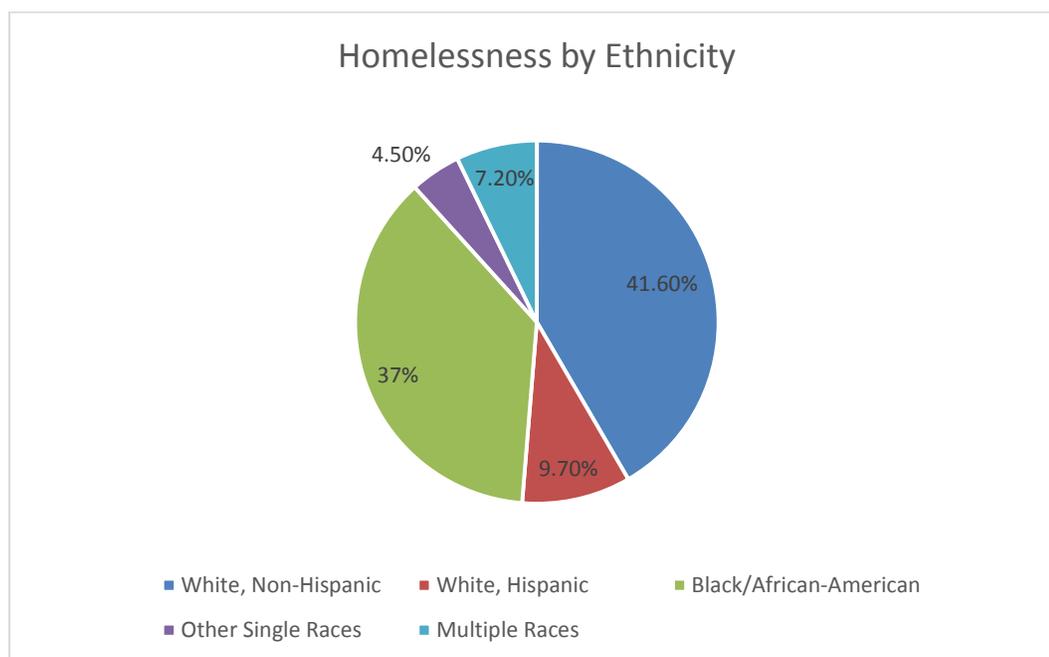


Figure 5: Homelessness by Ethnicity (Homelessness Resource Center, 2010).

How are other countries addressing/reducing poverty

Researchers rank countries based on how rich they are on a yearly basis. For example, Aridas, ranked the United States the seventh richest country in the world in 2013 based on GDP per capita. (Aridas, 2013). Measuring GDP per capita is useful when comparing countries because it shows relative performance of the countries. The Global Finance Magazine is one “that offers analysis, articles, and awards that are the heritage of 22 years of experience in international finance and provides and a valuable source of data on 192 countries.” (Global Finance Magazine, 2002). The magazine’s target audience is comprised of chairmen, presidents, CEO’s, CFO’s, treasurers, and financial officers.

Other developed countries also experience poverty and homelessness. For example, while Germany has long been considered the economic engine of Europe, as Somaskanda points out, “a different Germany is also growing.” (Somaskanda, 2015). Poverty in Germany is at its highest point in twenty-five years. Some 12.5 million of Germany’s 80 million are now classified as poor. In addition, according to the federal statistical office, a little over three million German workers now fall below the poverty line. (Somanskanda, 2015). Germany had taken precautions in trying to prevent poverty from being an issue by a series of reforms called Agenda 2010. The concept that any job was better than no job was implemented by introducing a new class of flexible, part-time employment. Part time employment was supposed to pave a path towards full-time employment. Instead, what it did is create a boom in the temporary work sector. Workers would put together various part time jobs in order to pay bills. Agenda 2010 actually created a bigger divide and increased inequality because the temporary workers were not moving up the ranks in their job. (Somanskanda, 2015). As the Agenda 2010 reforms looks to be working against Germany poverty issue, the government implemented a minimum wage of 8.50 Euros per hour. This form of regulation in an area where a lot of deregulation took place should be good for low income families to earn a living wage.

Kesavan, Mascarenhas, Ning, and Bernacchi (2014) wrote about the role of business in the reduction of poverty in China. They discussed the decline of the poverty due to the new leadership of Deng Xiaoping who took over after former leader Mao Zedong passed away. China’s poverty level declined by 40% from 60% to 20% because the Xiaoping regime decided to enhance the capabilities of the poor. This new regime felt

that it was important to create a market for the poor so they can improve their skills and have access and opportunities to participate in the economy. Kesavan et al. identified two approaches that played a role in China's resurgence of the poor:

1. "Macro social political entrepreneurship that radically innovates legislation or designs micro-policy intervention systems that can effectively dismantle existing unjust structures of social injustice and inequities—the causes that perpetuate endemic global poverty.
2. Micro social entrepreneurship that leads to catalytic innovations that alleviate poverty." (Kesavan et al., 2014, P. 21).

In other words, the government in China played a role in creating policy that includes people who they call BOP (people at the base of the pyramid) and closes the gap between them and the TOP (people at the top of the pyramid). In addition, micro social entrepreneurship means that China focused on coming up with ways to enable the poor to help themselves through access to startup funding.

Japan uses the same language in describing the rich and poor by dividing their people into two groups: BOP and TOP. Sugawara writes, "Japanese companies are finding innovative ways to tap into the base of the pyramid (BOP) markets to increase profit while simultaneously reducing poverty and contributing to BOP society." (Sugawara, 2010, P. 198). Some of these companies are making the people at the base of the pyramid a priority in their marketing plans. However, their purpose for that is to not exploit those people. They are still trying to maximize profits but at the benefit of the people at the lower economic rung. Companies are discovering the unique needs of the poor and trying to provide products and services that satisfy those needs. In order for

people to break out of poverty they are going to have to generate income. After they have generated a steady income, independence begins to grow.

Role of Business

Businesses can cause poverty in a multitude of ways. One of the ways businesses cause poverty is through unequal sharing profits. A recent Harvard study found that United States CEO's make over 350 times the average workers salary. (Ferdman, 2014). In comparison the next highest income disparity is in Switzerland at 148 times the average worker. This causes an uneven distribution of assets that make it hard for families who are not in the top 1% to survive. This trend may have begun in the 1980's when Ronald Reagan went into office and began to deregulate many industries. In addition, many for profit businesses focus on results at any cost rather than ethical issues. In the field of competition, businesses often don't consider the impact they have on employees and other stakeholders. They keep moving along which also perpetuates disparity.

A study conducted by Goetz and Swaminathan illustrates the positive and negatives effects businesses can have on poverty. (Goetz & Swaminthan, 2006). Walmart is one of the United States biggest retail and department stores. And because of their size, Goetz found that Walmart stores and countries with additions of stores between 1987 and 1998 experiences greater increases in family poverty rates during the 1990's boom period. Some facts about Walmart include:

“With total revenues of \$256 billion in 2003, Walmart Stores Inc. is the largest corporation in the world. The chain employs 1.3 million workers worldwide and operates 4,750 stores (3,600 in the United States). Because of its size, purchasing power, and technological sophistication, the chain is revolutionizing not only the industrial organization of local retail trade, but also the entire wholesale, transportation, and logistics sector. (Goetz & Swaminathan, 2006, P. 212).

However, Walmart has been blamed for the loss of manufacturing jobs and local small retail stores. In doing so, Walmart has contributed to the poverty problem in the United States. One way poverty rates rise is when Walmart comes into town and displaces retail workers from small businesses who end up working for Walmart because they have no other option. Walmart is an alternative for people to work because of such the large workforce that they require. As a result, small local businesses have to watch their cost in order to compete offer compensation packages similar to Walmart. The authors conducted a two-stage regression analysis that controlled for other poverty indicators and found that the wage dampening effect of Walmart outweighed the access to goods at lower prices. So now across the board within the community where Walmart is located, businesses are lowering wages. It is also important to take into consideration that Walmart jobs may be part time rather than full-time. The profound domino effect Walmart has on small communities can be seen here:

“Walmart handles all or most of these service functions through its headquarters in Bentonville, Arkansas, providing tremendous labor-saving scale economies. This consolidation and rationalization of the local retail supply chain potentially devastates local labor markets in smaller communities. As a reviewer pointed out, it is unlikely that the incomes of lawyers, bankers, and accountants who provided services to the local stores fall below the poverty line after the chain store’s arrival. However, it is likely that these more highly-educated individuals depart from the rural community in pursuit of better opportunities elsewhere, contributing to the rural-to-urban exodus over the last decade, leaving behind

those with fewer opportunities and raising the poverty rate by reducing the number of nonpoor households in the denominator.” (Goetz & Swaminathan, 2006, P. 213).

Walmart alone is not helping family’s transition out of poverty. The wages are low and often times hours worked are less than 40 per week. So when you combine that with the fact that Walmart alone is forcing small businesses around the community to lower their wages in trying to compete with a chain that employees over 1.3 million people, that could only discourage growth. Goetz and Swaminathan do not just point out Walmart as the sole cause of poverty in the United States but they make the connection to many huge retail and department stores that infiltrate small communities around the United States. When a business moves into a community, policy makers often do not take into consideration the effect that have on existing establishments that have been working and flourishing their already. There is a ripple effect-locally owned businesses may be destroyed, which Goatz and Swaminathan argue results in reduced social capital levels and a leadership vacuum.

Businesses in the United States are big enough to also eradicate poverty. One way businesses help alleviate poverty is through philanthropy work. But more importantly, creating avenues for everyone, not just the rich or even some of the middle class, but for everyone to have an opportunity to contribute to the economy. It could be to a business’s benefit to consider poor and unskilled workers as customers and contributors to their organizations in the long run.

As is evidenced by the Walmart study, business can have a profound effect on poverty and homelessness in a good and bad way. Some researchers have explored the impact that supporting entrepreneurial ventures can have on poverty. Dugguh (2012) takes a strategic look at the role of small businesses in Nigeria. As of 2012, many Nigerian residents lived in poverty or were unemployed and Nigeria as a whole was under performing given its access to resources “It has the 6th largest gas resources and the 8th largest and in oil reserves in the world. It has about 37 solid mineral types in commercial quantities.” (Dugguh, 2012, P. 57). Nigeria has fallen behind some of its neighboring countries because they have compounded their problem with corruption and violence. Dugguh says that poverty stricken countries are filled with people who are frustrated with their current situation and because of that lash out. The goal in Nigeria is to help people in poverty start their own business. Big businesses started out as small business that eventually expanded to what they became largely because they were regulated properly. Dugguh points out some key strategies to help facilitate growth in Nigeria by the way of small businesses and entrepreneurship:

- **Funding Entrepreneurial Activities:** Nigeria would need to commit \$80 billion US dollars to their equity and debt financing in order to drive entrepreneurship development.
- **Small and Medium Enterprises Development Agency of Nigeria (SMEDAN):** This agency was created to promote the development of small and medium businesses. They are dedicated to getting entrepreneurs access to the resources required for the development of small and medium enterprises. Their main

responsibility is to monitor, oversee, and coordinate the small business sector.

(Dugguh, 2012).

- **Micro Finance Policy Framework:** Provides the framework for micro finance banking in Nigeria. The goal is to create credible micro finance banks that can funnel funds to the small business sector.

The entrepreneurship development will give people who have ideas about opening up a business the necessary tools to do so. In addition, they will need employees to help them run their small business, which will create jobs for people in need.

When discussing the responsibility of business in either alleviating or perpetuating poverty it can sometimes be beneficial to hear other points of view. That can then cause further dialogue and even more things can be brought to the light. Vansandt and Sud took issue with some information that was published on the role of business on in eliminating poverty. The authors believe that multinational enterprises (MNEs) must engage the poor in order for profitable partnerships to evolve. However, Vansandt and Sud believe it is often much harder said than done and that many businesses will speak with this intention but their actions will not back it up. “We question whether business has built mechanisms needed to make a true dialogue with the poor possible.” (Vansandt & Sud, 2012, P. 323). There has not been a road built from the poor to these large MNEs so that negotiations can take place. So although it sounds good for businesses to say they want to connect with the poor, they don’t necessarily make communication available according to Vansandt and Sud. One reason for that could be the pressure of a

competitive business industry. Curtailing original business practices to incorporate the needs of poor people may do more harm than good for businesses competing in the competitive business market that exists today.

“For business leaders to include alleviating poverty as an additional goal of their operations, even if done through profitable partnerships, will require them to incur additional discretionary costs in the short term. This would likely reduce current incentive pay for these very owners and managers, and many stakeholders would object.” (Vansandt & Sud, 2012, 323).

With many for profit MNEs this is almost impossible to think poor people will be included in their plans and if they aren't that means they stay stuck right where they are. This leads to another issue Vansandt and Sud had with the role of compassion in the motivation to alleviate poverty. Alleviating poverty should appeal to the emotions of people. People should feel bad for other people who are suffering. However, Vansandt and Sud think say there is a distinction between human emotions and the business reality.

“if corporate finances take a nosedive, compassion is likely to be jettisoned in favor of survival. Senior managers, or the board of directors, or shareholders, will do what is necessary to sustain the continued existence of the firm. If they do not, the question of compassion is moot.” (Vansandt & Sud, 2012, 323).

Many organizations try and say all the right things about doing the right thing and engaging in philanthropy. But as Vansandt and Sud point out, the reality is much different.

As a result, Vansandt and Sud came up with a model that they think addresses their concerns and helps alleviate poverty. The first part of the model suggested that government and social institutions must create the environment for businesses to

establish all-encompassing growth patterns in its planning and operations. The second part of the model focuses on the pace and pattern of inclusive economic growth to ensure positive outcomes in multiple sectors. The third part of their model mandates that businesses recognize social development as a requirement while still continuing to be profitable. In the last part of their model, Vansandt and Sud emphasize the importance of firms establishing relationships with need-based entrepreneurs. (Vansandt & Sud). This comprehensive model can be seen as a solution to help alleviate poverty.

Solutions

There are a variety of different ways to address and alleviate poverty. Poverty alleviation is usually taken into the hands of people who want to live in a better world. Often times during the process of alleviating poverty, organizations and systems are built for the purpose of helping those who are less fortunate. Some examples of this would be renovating shelters for the homeless and providing them with housing, creating job opportunities for people at the base of the pyramid by making them easier to get, and offering support to people through group funding techniques. Countries other than the United States are also looking at unique and efficient ways to reduce poverty.

HomeAid America is a leading national non-profit provider of housing for today's homeless. This organization builds and renovates shelters for homeless families of America. According to their website, HomeAid has provided housing for more than 190,000 individuals who have been subjected to homelessness temporarily. Their mission

is as follows:

“building new lives for America’s homeless families and individuals through housing and community outreach. Although our mission gives us broad latitude to engage in building projects across the entire Continuum of Care, from emergency shelters to transitional housing to permanent supportive housing, every HomeAid project includes support services that help residents move toward self sufficiency, such as education and job skills training, physical and emotional support, etc.”
(HomeAid, 2015)

They encourage people to donate whatever resources they can to HomeAid and project the motto of working as a team to make a difference.

Another organization working to combat poverty and homelessness is The Evergreen Cooperatives. They are a network of businesses based in Cleveland, Ohio working to create jobs and build wealth in a sustainable way. For example, Evergreen Laundry is one of the Cooperative’s business ventures. Their mission is to provide their clients with a quality laundry service. Another Evergreen Cooperative is the Evergreen Energy Solutions (E2S) company. They design, install, and develop PV solar panels arrays for institutional, governmental, and commercial markets. In addition, they also provide energy efficiency and home performance services. The businesses are employee-owned, for profit companies that hire locally.

Like many cities in America, Cleveland was facing some tough economic challenges, with as many as 30% of Cleveland residents living below the poverty line. The Cooperative’s goal and vision is to give low-income people a chance to do better for themselves and to build from there. (Evergreen Cooperatives, 2015). They were designed to cause an economic break-through in Cleveland. Their method is unique because:

“Rather than a trickle down strategy, it focuses on economic inclusion and building a local economy from the ground up; rather than offering public subsidy to induce corporations to bring what are often low-wage jobs into the city, the Evergreen strategy is catalyzing new businesses that are owned by their employees; rather than concentrate on workforce training for employment opportunities that are largely unavailable to low-skill and low-income workers, the Evergreen Initiative first creates the jobs, and then recruits and trains local residents to take them.” (Evergreen Cooperatives, 2015).

Acclaimed activist and political advisor, Van Jones, presents solutions in his book about ways to fix two of the United States biggest issues: environmental crisis and social injustice. One of the reasons Jones points out as an area for concern is the fact that CEO's are getting paid substantially higher than their subordinates and employees which creates a huge disparity and keeps the wealth at the top of the pyramid (TOP). While the rich get richer, the poor are subjected to working longer and harder hours. His solution is clear, create green collar jobs to help both the environment and the middle class flourish. Green collar jobs are thousands of low and middle skilled jobs that help conserve energy. Examples of these jobs include insulating homes or buildings, and installing solar panels to be used as other forms of energy. According to Jones, the recipients of these jobs would be people characterized throughout this paper as people at the base of the pyramid (BOP). These types of jobs create a market, a need, for people at the base of the pyramid. Jones thinks this method is the best way for millions of people below the poverty line to create some momentum. (Jones, 2008).

Greyston is one of the country's leading social enterprises in the bakery industry. The organization has helped lift people in Yonkers, New York out of poverty by

providing them with skills and resources. One of the ways they have been instrumental in doing this is through their open hiring system. For 30 years, the bakery maintained an open door hiring policy regardless of educational success, previous work history, or illegal mistakes made in the past. They believe that “employment is the first step in an individual’s path toward success.” (Greyston, 2015). People who are looking for employment can come into the bakery and request a job with no questions asked. If all positions are filled, they are put on a waiting list and are hired when their name comes up. While working at Greyston employees are given personal development tools and training in professional setting. In addition, Greyston enrolls their employees in a program that they call PathMaking:

“PathMaking provides guidance in continuing education, GED, health and wellness, nutrition, mental health, literacy, personal finance education-budgeting and saving. PathMaking has a ripple effect to the greater community: as individuals become more self-sufficient and self-assured, they become stronger participating members of the community, and the community becomes stronger as a whole.” (Greyston, 2015).

Many countries around the world are adopting microfinance as a method to mitigate poverty. Bangladesh is one of the countries that came under study to see if microfinance was decreasing poverty in their country. “The hallmark of microfinance revolution is the system of group lending based on the joint liability or social capital of groups which would guarantee to repay loans.” (Katsushi & Shafiul, 2012, P. 633). It is a sophisticated system of support for the poor by helping them gain access to credit despite having no physical capital. With the help of a host of formal financial institutions, Bangladesh has

become the largest and most vibrant microfinance sector in the world. (Katsushi & Shafiul, 2012). The authors concluded that access to microfinance loans reduced poverty by increasing income in Bangladesh.

Crowdfunding is another method of alleviating poverty by improving access to funding. Crowdfunding is the process of raising funds to fund a project from a large number of people. This practice is usually orchestrated through the internet. For example, Start Some Good is an organization that uses crowdfunding to help “families with 4 or more children with emergency and permanent shelter, employment, and supportive services, that equip them for successful lives.” (Start Some Good, 2015).

Startsomegood.com is a crowdfunding organization where people can donate to help families online.

“We closely work with families to "Create a Plan", based on their abilities, that they can follow. This plan helps them increase their skills and income, and allows them to build assets for the future. We work together with like-minded organizations, utilizing a family referral system that allows all involved to share in the valuable resources available to them.” (Start Some Good, 2015).

They are currently serving families that are living in the Atlanta, Georgia area. Their tipping point goal is \$7,000. If they are able to reach that goal, \$5,400 of that will go to emergency housing for that family and \$1,600 will be used to provide the families with educational supplies and materials. If they are able to reach the goal of \$24,000 then they will be able to provide services for three families for one year plus supportive services such as education or employment. (Start Some Good, 2015).

Joseph Rowntree Foundation (JRF) is an establishment built on inspiring social

change. On the JRF website, in the “About Us” section it reads: “JRF works for social change in the UK by researching the root causes of social problems and developing solutions. Together with the Joseph Rowntree Housing Trust, we use our evidence and practical experience of developing housing and care services to influence policy, practice and public debate.” (Joseph Rowntree, 2014). JRF and its partners have identified 100 important research questions about poverty. By doing that they ultimately hope to answer those questions and or influence, practice and public debate because they believe it would help reduce or even prevent poverty in the United Kingdom. JRF gave a range of questions centered on poverty and gave researchers different questions to think about to try to answer. The questions explore categories such as attitudes toward poverty, employment, health, well-being, and inclusion, markets, services and the cost of living, place and housing, tax benefits and inequality, policy, power and agency, and the bigger picture. All 100 questions that this article provides raise awareness and meets the standards of the JRF mission. (Joseph Rowntree, 2014).

The Wisconsin Poverty Project is a great example of the purpose of this research. The Wisconsin Poverty Project came about late in the year 2008 during the economic recession in the United States particularly due to the war that began in 2001. Researchers at the Institute for Research on Poverty, with the help of the University of Wisconsin’s faculty and staff, wanted to gain a more accurate and timely assessment of poverty throughout the state of Wisconsin. (Wisconsin Poverty Project, 2008). The project was led by Research on Poverty (IRP) Director, Timothy Smeeding. A purpose of this project

was to give policy makers up to date information so they can make better decisions to help the lives of the people of Wisconsin.

The first order of business was figuring out the most accurate way to measure the level of poverty. The Wisconsin Poverty Measure (WPM) was developed to quantify poverty in Wisconsin. It determines poverty status by comparing a measure of the economic need that includes childcare and out-of-pocket medical expenses to a measure of the economic resources available to meet the need that include SNAP benefits and the refundable Earned Income Tax Credit. (Wisconsin Poverty Project, 2008). Before this project, researchers and policy makers had long criticized the official poverty measure because they said it did not account for contemporary needs and the resources of American families. (Wisconsin Poverty Project, 2008). Therefore, they researched other methods and tried to incorporate their findings into their unique and more accurate way.

Some of the findings included in the 2014 report indicate jobs, earnings, and wages were beginning to rise in Wisconsin. However, jobs had not returned to pre-recession levels and many were part-time. (Wisconsin Poverty Project, 2014). The Wisconsin Poverty Project helps Wisconsin policy become more aware of poverty and forces them to be responsible. The pressure that Smeeding brought upon the policy makers put the Governor of Wisconsin, Scott Walker, in some hot water. Covert (2014) said the Governor received 100 complaints from workers saying that the minimum wage is not a living wage and it was a policy that needed to be improved. While Governor Walker is still resisting a raise in the minimum wage, this illustrates the impact that Smeeding and

his team were able to spark through the Wisconsin Poverty Project. Smeeding was also hoping that if they were successful it would provide a method for the rest of the country to adopt state by state.

DISCUSSION

It is important to single out the different issues discussed in the literature review. Many conclusions can be drawn from the material presented in this paper. To begin, figures 1, 2, and 3 indicate that poverty and homelessness in the United States is real. It is not some urban myth or something up for debate. Over 600,000 people experienced some sort of homelessness, sheltered or unsheltered, in 2013. These figures along with table 1 serve as a great starting point. An encouraging sign is that since 2007, there has been a steady decline of the number of homeless people in the United States. One possibility is that poverty and homelessness as an issue has been heightened in awareness.

The most important part of this research was to understand the role of businesses. The business world is not providing enough opportunities for all people. Many businesses do not consider their social responsibility and fail to realize that in the long term creating a market for everyone to participate in would be extremely beneficial for their enterprise. The culture of business around the world, but especially in the United States, is too centered around short term profits. This creates a divide and a disparity between those who have money vs. those that do not.

The United States could do more to support small and medium enterprises. They are forms of businesses that have proven in places like Japan, China, Nigeria, and Bangladesh to help alleviate poverty. One has to wonder how a multinational corporation like Walmart can infiltrate a community where other small businesses are and not have those businesses impacted. The study conducted on Walmart in 2006 highlights the

impact that business can have on poverty. It could even be argued that businesses like Walmart have a disregard for their surroundings and for their social responsibility to their stakeholders. Further, it supports some theories that business is cause of poverty and homelessness and not something that can be blamed on people. An area for further research is to better understand the impact a company like Walmart can and does have on communities.

According to Figure 4, the leading cause of homelessness in Houston is loss of a job. That could certainly be true for the rest of the United States because the loss of a job could mean one does not have the necessary funds to be able to support themselves with housing. For many, a job is the only revenue stream people have so when that is gone they can find themselves homeless. Could the loss of job, which can lead to homelessness, be because of the economic need at the time and companies have to cut back or could it be because employees are just not working hard enough or meeting the standards set by the company they work for? Or could the role of big business be disabling people from getting a job in the first place?

The United States Census Bureau stated that 45.3 million people in the United States were considered to be living in poverty in the year 2013. A connection can be made between the findings in Houston because the “people” the Bureau are talking about are examples of situations the Coalition For The Homelessness address in Figure 4. Those people have either lost their job, have bills higher than earnings, were evicted by a family member, were abused at home, are or were incarcerated, sick/disabled/mental issue, have a change in family status, or are plagued by alcohol/drugs. Kristof (2015) was

very critical of the United States' current situation. With the Social Progress Index ranking the United States at No. 16 overall and No. 49 and 87 respectively in categories such as high school enrollment and cellphone use, the reasons why there are 45 million people homeless start to make sense. 45 million is an outstanding number; one that Timothy Smeeding and his team were trying to mitigate with the Wisconsin Poverty Project.

In conclusion this research shines light on a couple key issues that should be addressed. Nationwide, there are not enough efforts to take care of and provide jobs for people at the lower economic strata. There needs to be more small businesses like Greyston that offer support in small communities. If there was more support then success stories like the ones described in that organization would be heard around the country. The expansion of crowdfunding needs to continue so that more people have access to startup funds. Instead of sending jobs overseas, the United State could adopt Jones (2008) recommendation of creating green collar jobs that puts the middle class to work.

In addition, there needs to be a cap on CEO salaries in the United States or at the least they should be required to disclose their compensation package as required in section 953(b) of the Dodd-Frank Act. (Kroll, 2012). It is ridiculous to think that a CEO makes a contribution that is worth more than 350 times the average employee pay. If there is a cap on CEO salaries where they cannot make more than 15 times the average paid employee, distribution of wealth will be much more egalitarian. It should be mandated within all business operations and mission statements that they will employ social responsibility tactics as part of their culture. It is important for a business to be

aware of its surrounds and the impact it has on society. Economist, Moffitt believed that there was this idea of the “deserving poor”. That makes sense as to why people tend to be stuck in poverty. If there is a stigma that people who are not working are not trying, they will never receive enough aid in order to get back on their feet. It is a terrible assumption to make and could be a reason for an increased divide between, not even just the rich and poor, but between the poor and poorer.

For researchers interested in poverty and homelessness, it would be nice to really take a look back at when it really started and who is to blame. For example, what policies implemented in specific presidential campaigns are affecting poverty in the United States today or began the ripple effect. Researchers could also look at how socialist countries address poverty and homelessness. Socialism is centered on the idea of sharing and a responsibility for others. It might be worth considering adopting policies that strengthen a more sharing culture in the United States.

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