ROLE OF SMALL AND MEDIUM ENTERPRISES IN ALLEVIATION OF POVERTY AMONG DISABLE PEOPLE

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Abstract. This article reviews the literature on the rising issue of poverty due to disability and the role of small and medium business enterprises (SME’s). Literature survey identifies different causes which accelerate the poverty problem in the society. It has also been provided that growth in the number of disable people around the globe is increasing and is a threat to the global poverty eradication programs. This article provides that there is a positive association between development of SME’s and poverty alleviation.

Keywords: Disability, SMEs, poverty eradication, developing countries, social networks

Introduction

Poverty is the one of the biggest problems faced by most of the countries across the world and eradication of poverty is the main global challenge. An average human being needs a range of basic necessities like food, good education, health and clothing but sometime due to the shortage of facilities or inequalities in the distribution of these resources, they don’t meet these basic needs in a proper way, hence forcing them towards poverty. Poverty is a situation in which a person may face an economic, social, cultural environmental and political deprivation (Oregwu & Chima, 2013). People living in poverty, experience more stress and uncontrollable events in their lives as compared to others which may result in creation of unhealthy society. The causes of the poverty may vary from region to region but among them the important and common are lower expenditures in education and health sectors, slow economic growth, poor infrastructure and inequality in the provision of basic services to poor people. Families headed by women show a slight positive relationship with the poverty (Ahmad et. al, 2007). Some studies have reported that disability is also one of the major factors that contribute towards increase in poverty. The developing and underdeveloped countries are mostly
affected by the problem of disability as compared to developed nations because of higher illiteracy, malnutrition status, lower birth rate poor socio-economic status and higher unemployment rate (Elwan, 1999).

Small and medium enterprises signify a vital element in economic development and covers almost 95% of enterprises in Europe and in many other regions of the world (Filion, 2007). Entrepreneurship is the base of SME’s and is a market based solution having a significant direct relationship with poverty (Bruton et al, 2003). SME’s have an important role in creating jobs in the market and can be used as an effective tool in connection to encounter poverty and more specifically to deal with the disability problems. This paper will provide insights on issue of poverty, disability and the relationship with SME’s, based on literature survey.

The paper is organized as follows. Section 2 addresses the understanding of poverty and its causes; section 3 provides knowledge regarding definition of disability and its relationship with poverty. Section 4 shows the role of SME’s in reduction of poverty due to disability and the section 5 concludes the article.

Understanding Poverty

Poverty is a denial of choices and opportunities, violation of human dignity, lack of capacity to participate effectively in the society. Poverty mean not having enough food, cloth, access to school, health facilities, jobs to earn one’s living and certainly exposure to the violence. It means powerlessness and exclusion of individual households and communities from active participation in the society and development. People in poverty do not have access to clean water and proper sanitation (UN, 1998). According to World Bank Report (2016) people “living less than $1.25 per day contributes to extreme poverty. Those who are living less than $2 per day are in moderate poverty. There are 767 million people or 10% of the whole world’s population that have been estimated to be living below the international poverty line i.e. $1.90 per person per day and more than 50% of these people are living in Sub-Saharan countries”. The survey of 89 developing counties was conducted by world bank explains that people who are living at poverty line ($1.90) or below were mostly rural, young, poorly educated and belonged to agriculture sector and having large household and living with more offspring. The report also elaborates that 80% of worldwide poor lived in rural areas, 64% work in agriculture and 39% having no formal education.

The reports of 1990’s assert that the low consumption, lower advancement in education, poor infrastructure, lesser trade liberalization and less budget expenditures in health are positively related to the poverty (World
Development Report, 2000-01). Poverty has three different dimensions (Feagin 1970); individualistic-poor are those who are responsible for being poor themselves, fatalistic-bad luck are those that blame fate for their poverty and the third one is structuralistic-blames the situational factors such as lack of education, access to infrastructure and low wages.

Causes of Poverty

There are many causes which might be responsible for increase in poverty but according to the World Development report (2000-2001), the main causes of the poverty are lack of income and provision of basic necessities like lacking food, shelter, basic health facilities and education. The report mentioned that in order to understand the determinant of poverty one must give more attention to people’s assets and its productivity. These assets are Human assets- availability and capacity for basis labor, training and good health. Natural assets – land for living for agricultural purposes. Physical assets- equal access to infrastructure and the most important one is the Social assets- Social networks, clubs and social contacts. Financial assets- access to financial facilities like saving and credit. The returns of these assets not only depends upon the access to these markets but the performance and participation of states institutions and general society also counts. The access to these assets may also be affected by various forms of discrimination on the basis of gender, social status, racial differences and on ethnicity which may cause the problem of poverty in the region. One of the main reasons of poverty is that people (poor) don’t have equal access to the above mentioned assets. So the government must play an unbiased part in effectiveness in equal services distribution to the poor. Studies also emphasize that the causes of poverty in European countries are bad luck, laziness, lack of willpower and social injustice that contribute to fatalistic, individualistic and structuralistic attributes spontaneously (Commission of European Communities, 1977). The government policies also sometimes promote poverty in the society for example lack of social equity and unbalanced distribution of job opportunities, lack of efficient monitoring system (Hayati & Karami, 2005). Corruption also increase the inequalities specially income inequalities and poverty in the society (Gupta et al., 2002). Participation in hateful activities and terrorism had also slightly positive correlation with poverty (Krueger & Malackova, 2003).

Beside all the above reasons the most important cause of poverty which needs more attentions of the international societies is disability of a person. According to New Policy Institute report (2016) on disability and poverty tells us that the contribution of people with disability towards poverty is 28% and also 20% of people in poverty live in household with a disable person. With
almost half of the people with poverty issues in UK are having at least one
disable person in their families.

What is disability?

Disability has been defined as a “complex phenomenon covering activity
limitation, impairment and participation barriers” (World Bank & WHO,
2011). They further identified that disability is the interaction of social and
physical barriers. Disability should not be viewed and presented in medical and
social aspects separately but in the combination of both and there interaction
with each other. For example; a deaf person without sign language interpreter
will face more disability as compared to the one who has interpreter. Same as
an individual cannot move his legs and living in an environment where
facilities like public transportation and buildings are wheel chair accessible will
face lesser disability as compared to the other wheel chair users dwelling in
environment having less accessibility (Global Status Report on Disability,
2015). About 15% of global population i.e. approximately one billion people
are suffering and living with some sort of disabilities, an increase in number
has been noted after 1970s which were 10% (WHO/World Bank, 2011).

Poverty and disability

Disability, poverty and health are widely assumed as closely related to each
other and their links are more complicated. The relationship between poverty
and disability had been analyzed and argued by number of authors. For
example; previous studies have highlighted that unavailability of health care
and education, shortage of clean water, quality food and sanitation, low living
conditions and malnutrition often result in poverty and disability (Elawn, 1999;
Zimmer, 2008). The link between poverty, ill-health and poor health facilities
and disability are not only assumed to be strong but the growing size of
population with disability (over 1 billion) appears as evidence to subject matter
(WHO/World Bank, 2011). Different international donor agencies are also
working to recognize the importance and necessity to address the issue of
disability because it has direct relationship with poverty (Thomas, 2005). The
study of Elwan (1999) emphasized that one out of the ten of the world’s
population living with the disability and among them one out of five is poor or
live in poverty. She also analyzed that the number of disable people living in
poverty is double against the person with no disability. There is a strong and
direct association between disability and poverty. The issue needs to be raised
in various international and local platforms, supposed to be included in global
health agenda (Gorce et al., 2011). The survey of both developing and
developed countries show that disable people have low income level and
education, consequently they have lower living standards and have less savings.
than those who are living normal life without disability (Elwan, 1999). As the number of disable population is growing due to inequalities and powerlessness in decision making contributes a high risk to poverty eradication efforts. The issue of poverty due to disability needs more attention of policy makers and global poverty alleviation agencies.

Small and Medium Business Enterprises and Poverty Due to Disability

The definitions of Small and Medium Enterprises (SME’s) vary region to region and are not uniform. Some define that SME’s as enterprises having less than 500 employees while others define the cut-off upto 250 employees (Ayyagar et al., 2007). According to the EU Commission (2005), that SME’s are those firms which have more than 500 employees and the number of employees should not exceed 250. SME’s are considered to be engine of economic growth of the region because they form a large part of private sector in most of the countries. Beck and Kunt (2006), argued that SME’s contribute an important part in the total employment in number of nations. These are emerging sector in developing and underdeveloped countries and have a very close association with economic development (Hallberg, 2001) and can accelerate the employment and poverty alleviation (Ayyagar et al., 2005). Many of experts and international platforms suggested that the growth and promotion of small business enterprises as a strategy for poverty eradication in developing regions (Daniel, 2010). SME’s enhance the development in the field of innovations and increase the entrepreneur activity to serve the market results in generating enough income for those who are dealing with their poverty problems and its eradication. Hunger, unemployment and poverty problems have been reduced to certain level due to SME activities in Nigeria (Fatai, 2011) is an example of how SME’s are effective in poverty alleviation. As previous literature shows that disability is also one of the major reasons that results in poverty. The main problem in dealing with the said issue is the high level of discrimination specifically in employment. In central and Eastern Europe, the relation between disability and unemployment is positive and disable people are considered as disadvantaged in many socioeconomic dimensions (Mussida & Sciulli, 2016). Reich and Fonger (2015) investigated that German labor market in SME sector deals with big problem due to shortage of skilled workers. SME’s are supposed to employ new methods to find appropriate worker and one of the solution is to focus on disable workers, this will also enhance efficiency of the firm. There were seven million persons living with disability in Germany including three million having workable age (15 to 65 years) but only 2.2 million were employed and mostly working in SME sector (IAW, 2011). SME’s have very important role in improving the living standards of these disabled persons and in turn it will help decrease the poverty level. SME’s has the ability and potential to deal with poverty due the
disability issue through improved innovation, productivity, social mobility and by involving themselves in training the disable people having special training and skills.

Conclusion

The literature survey in this paper highlighted the vital role of small and medium enterprises play in reducing the poverty among the disable people. Poverty due to the disability is the raising issue around the globe, SME’s are supposed to materialize their social responsibility by providing appropriate trainings to disable workers and refine their skills. SME’s have higher contribution to the total employment and GDP and countries having higher GPDs per capita have large SME sector (Ayyagari et al., 2005). The survey also reveals that the growth in disabled population without jobs is future threat to the global poverty alleviation initiatives. The government policy makers and non government organizations, other international platforms and the general society must take positive steps to increase awareness among business communities. They should also encourage the people towards the development of SME’s by supporting them financially and socially. It will not only boost up the economic development of the country but also help encounter the evil problem of poverty from society. It is recommended that the governments and policy makers must provide viable credit support and also non-financial support for SME’s growth.

References


