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Marketing to the Poor: An Integrative Justice Model for Engaging Impoverished Market Segments

Nicholas J.C. Santos and Gene R. Laczniak

The relatively recent entry of multinational corporations (MNCs) into low-income markets, particularly in developing countries, affords the opportunity for the more inclusive capitalism envisioned by globalists. Alternatively, an expansion of MNC marketing in less developed economies might foreshadow the greater exploitation of disadvantaged consumers predicted by many critics of expanded free trade. To diffuse the charge of "exploitative" marketing, it is imperative that corporate marketing efforts seeking to engage impoverished segments be grounded in a strong ethical framework. This article unveils one such framework—the "integrative justice model" (IJM). The IJM is an aspirational model that outlines how to market ethically to disadvantaged consumers in both developed and developing countries. The authors derive the elements of this model from frameworks of moral philosophy and management theory. Although the IJM is normative in nature, the authors connect it to real-world examples, which provides MNCs that market to the poor practical benchmarks for conducting their business operations with fairness and equity. The article concludes with a discussion of the implications of the IJM for public policy.

Keywords: disadvantaged consumers, distributive justice, impoverished market segments, marketing ethics, sustainability

> If we merely aim toward the bottom line ... we aim too low. Ultimately—as businesses will someday learn when they pay as much attention to stakeholders concerned with ecology or social welfare or morality as they do to those devoted to profits or a financial return on their investment ...—we must aim higher than that. Figuratively, and gloriously, we must aim toward Heaven.
>
> —Morris Holbrook (1999)

In recent years, multinational corporations (MNCs) have shown an increased interest in the low-income segment; this target market is also sometimes characterized as the "bottom-" or base-of-the-pyramid market (Prahalad 2005; Rangan et al. 2007; Silverman 2006; Simonian 2006). Base-of-the-pyramid consumer segments include groups that are most "constrained" by income, (lack of) wealth, opportunity, literacy, market access, and political power, among other factors. With saturation experienced by firms in servicing many high- and middle-income markets, as well as excess production capacity, seeking growth opportunities in developing markets is a logical strategy from a business perspective (Christensen and Raynor 2003; Hart 2007; Johnson and Nhon 2005; Prahalad 2005; Shultz, Rahtz, and Speece 2004). Historically, the minimal economic involvement displayed by MNCs in the low-income segment has largely been due to this sector being perceived as unprofitable because of its limited purchasing power (Prahalad 2005). However, this financial hurdle has been overcome by multiple analyses demonstrating that there is now an emerging profit potential in low-income markets (Hammond et al. 2007; Hammond and Prahalad 2004; Hart and Christensen 2002; Prahalad 2005; Prahalad and Hammond 2002; Prahalad and Hart 2002). In addition, engaging the low-income market has afforded MNCs the opportunity to contribute to poverty alleviation (Lodge and Wilson 2006; Prahalad 2005; Rangan et al. 2007; Wilson and Wilson 2006) and, thus, to regain some public trust that had been eroded in the wake of corporate scandals or to add to the goodwill that constitutes a corporation's public reputation.

Although the interest of MNCs in the low-income market segment is a recent phenomenon, periodic business involvement with consumers in this group has occurred for many years. The consumption constraints and disadvantages that these consumers face when transacting in the market and the unethical business practices accompanying such transactions have received considerable academic interest. We summarize the literature stream under four topical areas: (1) distinct disadvantages of low-income consumers, (2) constraints that homeless consumers face, (3) obstacles that

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consumers with physical disabilities face, and (4) exploitative practices accompanying marketplace transactions with low-income consumers (see Table 1).

Optimistically, the entry of MNCs into the low-income market affords the opportunity for a more inclusive capitalism that attempts to include people who were previously kept at the periphery of economic development. Alternatively, owing to the consumption constraints and disadvantages that impoverished consumers face, the involvement of MNCs in this segment presents the threat of greater exploitation. To dispel fears of such abuse, it is imperative that the involvement of MNCs in the low-income market should be grounded in a strong ethical framework. With the aim of developing a more equitable approach to marketing, particularly when directed toward impoverished segments, we present a normative ethical framework called the "integrative justice model" (IJM). We hope that the core elements of the IJM provide insight into what constitutes economic justice in the marketplace. The IJM is intended to be insightful for the macro question of distributive justice (Laczniak and Murphy 2008): Are the benefits or burdens of marketplace transactions being justly allocated? It is also formulated with the implicit goal of illustrating "fair and nonexploitative" micro marketing when engaging the poor. Although the IJM is inherently normative in nature, it also offers MNCs practical signposts for engaging impoverished segments with fairness and equity. Such a framework has the potential to diffuse much of the current antagonism against MNCs in developing countries regarding the perception of these companies as being exploitative (Klein 1999, 2002).

Table 1. Literature Review

Topical Area	Literature Stream
1. Distinct disadvantages of low-income consumers	•Alwitt (1995) •Alwitt and Donley (1996) •Andreasen (1975) •Baker, Gentry, and Rittenburg (2005) •Hill (2001a, b, 2002, 2005) •Hill and Stephens (1997) •Mayer, Scammon, and Andreasen (1993)
2. Constraints faced by homeless consumers	•Hill (2003) •Hill and Stamey (1990)
3. Obstacles faced by consumers with physical disabilities	•Baker (2006) •Baker, Holland, and Kaufman-Scarborough (2007) •Baker, Stephens, and Hill (2001) •Kaufman-Scarborough and Baker (2005)
4. Exploitative practices accompanying marketplace transactions with low-income consumers	•Caplovitz (1967) •Carr and Kolluri (2001) •Caskey (1996) •Hill (1994) •Hill and Kozup (2007) •Hill, Ramp, and Silver (1998) •Karpatkin (1999) •Laczniak (1999) •Murphy et al. (2005) •Murphy and Laczniak (2006)

We begin by delineating the impoverished market segment and briefly discussing what we mean by the term "integrative justice." We then propose the IJM as a normative ethical theory constructed from a systematic approach based on the work of the philosopher John Bishop (2000). Next, we derive the elements of the IJM from theories and frameworks of moral philosophy and management perspectives. We conclude by explicating the IJM in its fullness and highlighting some of its implications for public policy.

Defining the Impoverished Market Segment

Raising the issue of developing an IJM for marketing to impoverished market segments evokes the question of who these impoverished consumers are. Surely, the beggars in the shantytowns of Mumbai represent a different category of impoverished consumers than former autoworkers in Detroit who cannot find alternative employment. One helpful distinction made by the World Bank (1990) identifies the "marginal" poor and the "extreme" poor. An example of the latter category might be refugees who were forced to flee their homelands as a result of war, famine, or natural disaster. Because they are without economic resources of any kind, they may be totally dependent on others, such as the government or charitable organizations. For the extreme poor, social assistance and social services may be the only immediate remedy (Kotler, Roberto, and Leisner 2006; Sachs 2005). In contrast, the marginal poor might have sufficient food to eat and even a small income, but their meager economic resources prevent them from capitalizing on opportunities because they are unable to access the means to a marginally comfortable lifestyle. For the marginal poor, interventions, such as the now famous microloan programs of Grameen Bank, might prove to be the difference between a dependable stream of income and the uncertainties of existing on the edges of poverty. The IJM is most applicable to the marginal poor.

Another distinction that might be made among impoverished market segments is between basic needs and needs for improvement. Similarly, Sen (1981) refers to these attributes of poverty as "intrinsic" capabilities and "instrumental" capabilities, respectively. Basic (or intrinsic) needs include food, shelter, and medical care. Needs for improvement (or instrumental capabilities) might include jobs, education, and access to economic opportunity. The IJM is most applicable to aiding needs for improvement.

Although the IJM is most directly applicable to the marginal poor who have needs for improvement, we note that the key characteristics of the IJM could easily apply to other vulnerable and constrained consumer groups, such as people with disabilities, the elderly, the homeless, and children. Because the IJM addresses the question of what dimensions should be present in a "fair" marketplace (i.e., exchange characterized by justice), the application of this framework to other categories of vulnerable and constrained consumers also should prove useful.

Justice in the Marketplace

The word "justice" often invokes imagery of laws and regulations, the domain of legal justice, and something that most businesspeople want less of, as indicated by their opposi-

tion to the Sarbanes-Oxley Act (see Reynolds [2003] 2005). However, justice also means righteousness or equity. This should not be construed to suggest that laws and regulations have no place in this definition of justice but rather that the domain of justice extends beyond black-letter law and regulations. The concepts of righteousness, fairness, and equity that are at the heart of justice largely flow from the social nature of people, the result of their personal interconnectedness with one another and to the greater community. Therefore, it is in the interest of firms that these relationships be governed by fairness and equity. First, as the *World Development Report* (The World Bank 2006, p. 17) points out, "greater equity can, over the long term, underpin faster growth." Consistent with this perspective, corporations today realize that they do not operate in a vacuum but rather are part of a complex network of relationships, including with the ecological environment (World Business Council for Sustainable Development 2007). In addition, fairness and equity also ensure "sustainability" for the firm, in terms of long-term relationships with its various stakeholders.

Second, the development of the IJM does not imply a blending of the different theories or types of justice (e.g., legal justice, procedural justice). Rather, in the context of marketing to impoverished market segments, the type of justice that is of prime concern is that of distributive justice—that is, the fairness of marketplace transactions (Laczniak and Murphy 2008). Thus, what is integrated instead are the notions of fairness and equity in marketing transactions, as developed from different strands of thought in moral philosophy and management theory. When examined together, these perspectives reveal certain ethical imperatives that, in general, should guide the fair allocation of income, wealth, and power in the market economy. Importantly, many of these theories, frameworks, and approaches seem to provide substantial confirmation—by marshalling evidence developed from divergent perspectives and traditions—for the same set of ethical elements to shape and steer marketer relationships with impoverished consumer segments. On the basis of these pertinent streams of thought (which we discuss in greater detail subsequently), we developed five characteristics of "just" market situations. Together, they form the basis of an IJM for marketing to impoverished markets. Ideally, each of the following elements should be discernable in firms when they "fairly" and ethically market to poor and disadvantaged consumers:

1. Authentic engagement with consumers, particularly impoverished ones, with nonexploitative intent;
2. Cocreation of value with customers, especially those who are impoverished or disadvantaged;
3. Investment in future consumption without endangering the environment;
4. Interest representation of all stakeholders, particularly impoverished customers; and
5. Focus on long-term profit management rather than on short-term profit maximization.

The IJM as Normative Theory

The IJM is a normative theory in the sense that it describes norms or standards of just market situations that should be followed when dealing with impoverished market situations. According to the philosopher John Bishop (2000), every normative theory needs to address seven issues: (1) recommended values, (2) the grounds for accepting those values, (3) a decision principle that businesspeople who accept the theory can use, (4) who the normative theory applies to (i.e., the agents), (5) whose interests need to be considered (i.e., the decision principle's scope), (6) in what contexts it applies, and (7) what legal and regulatory structures it assumes. In what follows, we briefly discuss each of these issues and show how the IJM addresses them (see Table 2).

Bishop (2000) points out that if a normative theory is to be accepted, it must be based on specified moral values. These values also help define the application of the decision principles. In the case of the IJM, the main underlying value is that of "fairness" in economic transactions that involve impoverished customers. However, the value of fairness is not as straightforward as it might appear. For example, discussing the notion of a fair price, Maxwell (2008) points out that "fair" has two meanings: "acceptable" and "just." The difference between these two meanings is related to the difference between personal and social fairness. In the context of pricing, a personally fair price is one that is low enough to meet the customer's expectations, while "a

Table 2. The IJM as Normative Theory

Normative Theory Framework	Elements of the IJM
1. Values	•Authentic engagement with impoverished customers •Cocreation of value with consumers •Investment in future consumption •Interest representation of all stakeholders •Long-term profit management
2. Grounds	•Fairness and equity •Sustainable business enterprise •Moral philosophy and management frameworks
3. Decision principles	•Same as values
4. Agents	•Business executives and decision makers of organizations that engage impoverished segments
5. Scope	•Extends to all stakeholders of the organization, particularly impoverished customers
6. Context	•Applicable to all marketplace transactions involving impoverished customers, whether in the developing or developed world
7. Structures	•Assumes the legal and regulatory structures of the capitalist system

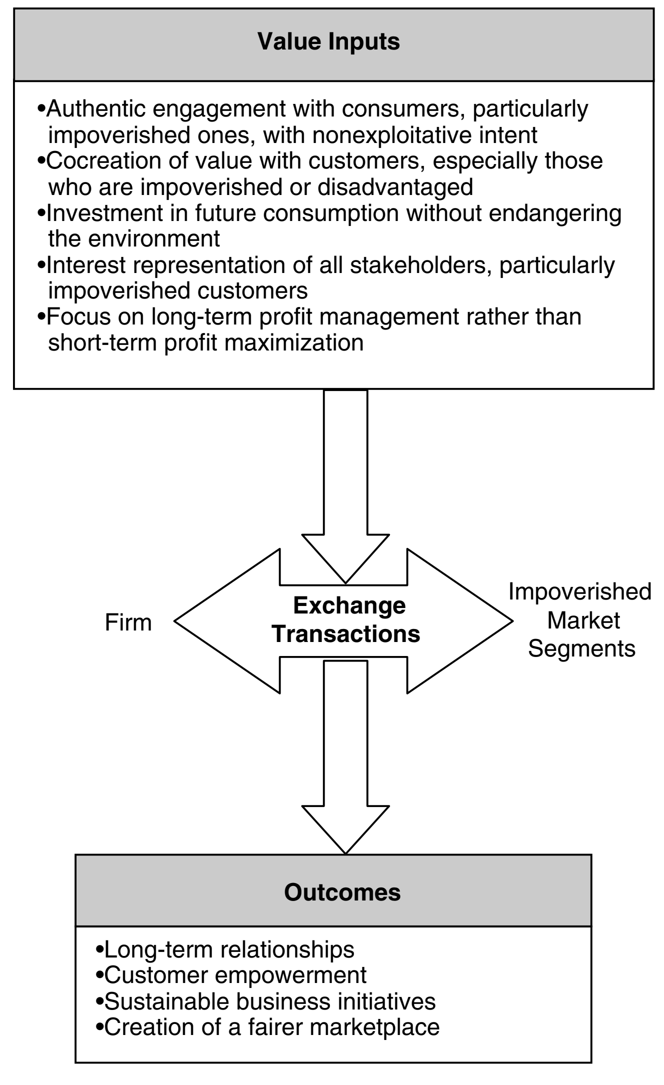
socially fair price is one that is the same for everyone, does not give the seller unreasonably high profits, does not take advantage of consumers' demand, and so on" (Maxwell 2008, p. 7). In the case of the IJM, the notion of fairness proposed is that of social fairness, not personal fairness. From the perspective of personal fairness, the high interest rates charged by payday loan stores might appear to be fair to both those making the loans and impoverished customers who avail of these loans (Flannery and Samolyk 2005). However, from the perspective of social fairness, by charging exorbitant interest rates, payday loan store owners are taking advantage of the situation of the impoverished consumers, an action that cannot be deemed to be socially fair.

Having argued that the underlying value of the IJM is social fairness, we put forth the following question: What constitutes social fairness in economic transactions involving impoverished market segments? In other words, how do we move from a vague, abstract notion of social fairness to concrete values that can help shape decision principles that are useful to business executives? With this aim in mind, drawing from pertinent strands of thought in moral philosophy and management theory, the IJM develops five key characteristics of just market situations when engaging impoverished segments (see Figure 1). Each of these characteristics embodies the value of social fairness in the sense that each element provides insight into what practically constitutes "being fair" when engaging impoverished customers. The grounds for accepting these characteristics as valid are found in the theories, frameworks, and approaches from which the characteristics are derived in the subsequent sections.

To a large extent, the usefulness of a theory lies in its ability to be applied to practical situations. The five key characteristics of the IJM are meant to guide the relationship between the corporation and the impoverished market segment to achieve fairness in the marketplace, thus leading to a sustainable business enterprise. Furthermore, in the process of developing the characteristics from the theories and frameworks of moral philosophy and management theory, we provide several examples of companies that adhere to one or more of these characteristics. These case situations provide evidence of the practicality of the IJM. They illustrate that firms are already productively using pieces of the IJM—partial "theories in use"—without necessarily understanding the holistic concept.

The values, grounds, and decision principles of the theory are critical in that they provide persuasive reasons for accepting the theory and show how the theory can be practically applied. However, as Bishop (2000) points out (see Table 2), it is also important to consider the agents, scope, context, and structures to which the theory applies. The moral agents to whom the IJM applies are the decision makers in corporations that engage impoverished segments. Among its purposes, the IJM is a framework to aid decision making and to guide marketer–customer relationships in impoverished market segments. However, the scope of the IJM extends beyond these decision makers to considering the perspectives of all the firm's stakeholders, especially those who are impoverished or disadvantaged. With regard to the context to which the IJM applies, the IJM is relevant in all marketplace transactions involving impoverished customers, whether in the developing or in the developed world. Finally, the IJM assumes the fundamental legal and regulatory structures of the capitalistic system.

Figure 1. An IJM for Impoverished Markets



Marketing to the Poor from the Perspective of Moral Philosophy

Thus far, the elements of the IJM for engaging impoverished consumers have only been asserted. However, various theories of moral philosophy can be drawn on to help derive the elements of the IJM. We discuss several ethical frameworks that are already embedded with IJM dimensions in their recommended and responsible approaches to business and marketing practice.

Values and Their Connection to Ethical Marketing

In their business best seller *Built to Last*, Collins and Porras (1994) use case examples to show how successful compa-

nies are typically those that possess a set of core values. To a large extent, these values determine the business behavior of the company, including its approach to marketing decisions. Successful firms' reliance on core values can be better understood by recalling the theory of virtue ethics, one of the oldest moral frameworks, which focuses on the virtues and the perfection of personal character (Aristotle [350 BCE] 1985). A prominent and contemporary proponent of the virtue ethics tradition is the philosopher Alasdair MacIntyre. According to MacIntyre (1984), virtues are acquired human qualities that help develop personal character.

In the context of linking virtue ethics to international marketing, Murphy (1999, p. 113) proposes five core virtues that an ethical organization should possess: integrity, fairness, trust, respect, and empathy. Taken together, these virtues provide a helpful benchmark of what constitutes a virtuous firm. When engaging impoverished segments, firms that embody these virtues will not attempt to exploit the vulnerabilities of these consumers or take advantage of their lack of education, resources, and financial leverage. In contrast, a company whose core value is simply profit maximization or increasing shareholder value might have no hesitation in exploiting its impoverished consumer base. Epstein and Smith (2007) detail the example of Banco Azteca, a large bank in Mexico that is involved in micro lending. Taking advantage of lax government oversight and the dire situation of poor consumers, Banco Azteca charges its customers annual interest rates ranging from 50% to 120%, leaving many of its already impoverished customers trapped in a maze of debt. From a virtue ethics standpoint, such business behavior cannot be deemed to be righteous or socially fair. In contrast to Banco Azteca, consider the example of SKS Microfinance, India's largest micro financier. When asked by a bank chairman whether SKS could raise its interest rates, Chief Executive Officer Vikram Akula said that it could do so because it had a monopoly in most markets, but it would not do so because it would be exploitative (Kiviat 2008). Based on virtue ethics and the significance of core values to ethical marketing, an emerging characteristic of a just market is an authentic engagement with customers, particularly those who are impoverished, with nonexploitative intent.

Duties and Their Linkage to Ethical Marketing Transactions

Professional norms are often the drivers of ethical behavior in socially responsible organizations. In keeping with this reality, the American Marketing Association's (2004) Statement of Ethics calls on marketers to embrace the highest ethical norms of practicing professionals. When constructing norms, an organization can be motivated by the consequences of these norms or can arrive at these norms out of a sense of duty. Perhaps the most well-known duty-based theory of ethics is that developed by the philosopher Immanuel Kant. For Kant ([1785] 1981), the moral worth of an action does not depend on the consequences of that action or the agent performing that action but rather on the motive behind that action. Kant calls such motives "duty" or a "sense of moral obligation"; duties are different from mere inclinations or desires (Duska 2007). There is also a distinction in the understanding of "duty" in the ordinary sense and "duty" as Kant understands it (Johnson 2004). For Kant, duty is unconditional. Therefore, acting out of duty is not contingent on the potential outcomes but rather is based on adhering to fundamental laws that rationally can be designated as universal maxims. Kant calls such a fundamental law the "categorical imperative," or the supreme principle of morality. Kant proposes the following three formulations of the categorical imperative (Murphy et al. 2005, p. 25):

- Act only on maxims that you can will to be universal laws of nature.
- Always treat the humanity in a person as an end and never as a means merely.
- So act as if you were a member of an ideal kingdom of ends in which you were both subject and sovereign at the same time.

At first glance, each of the formulations seems to be rather unique, but closer examination reveals distinct similarities. Kant spent a great deal of time in his writings, carefully justifying the equivalence of the three formulations, each having some advantage of application depending on the situation or issue being evaluated.

The first formulation can also be called "the principle of universality," arguing that there are universal moral norms or standards. In effect, what makes a particular action right is that the reason for acting so has universal applicability. For example, a person could not will that "betrayal of trusts" be universalized, because that would make it impossible to trust in the first place. The second formulation, also called the "principle of humanity," stresses the free, rational, and autonomous nature of human beings. In the context of marketing to impoverished segments, taking advantage of their vulnerabilities to reap greater financial returns is a violation of the principle of humanity. The third formulation is also known as the "principle of the moral community." In this formulation, Kant proposes that people act as if they are sovereign and subject at the same time. In other words, a person is both the lawmaker and the one who must abide by the laws.

The application of the third formulation to the context of impoverished markets means that the ability of the firm and the impoverished consumer to better pursue their goals rests on mutually empathizing and cooperating with each other. Thus, mutual value for both the firm and the consumer is best generated by a process of collaboration (Porter and Kramer 2006). Embodied in marketing ideas such as the marketing concept and customer relationship management, collaboration requires being involved with customers, understanding their needs, and working with them to achieve mutual value creation. Based on the role of duty in formulating the norms of organizations, and inspired by Kant's categorical imperative, three characteristics of a just market emerge: (1) authentic engagement with customers, particularly those who are impoverished; (2) interest representation of all stakeholders, particularly impoverished consumers; and (3) cocreation of value with customers.

The Role of Moral Intuition in Determining Ethical Marketing

When marketing managers acclaimed to have adhered to exemplary ethical behavior are asked what motivated their decisions, they often indicate that they consulted their consciences (Peale and Blanchard 1988). According to several prominent philosophers, moral managers should know intuitively what is ethical or unethical. For example, the Scottish-born moral philosopher Sir William D. Ross (1930) holds that there are certain principles that people know intuitively because they are self-evident, which means that these principles do not require any supporting evidence for their justification, nor do they need to be deduced from other propositions. Ross calls these principles "prima facie" (meaning at first sight) duties and lists six such duties: (1) duties of fidelity, (2) duties of gratitude, (3) duties of justice, (4) duties of beneficence, (5) duties of self-improvement, and (6) duties of nonmaleficence. Ross contends that these prima facie duties are self-evident in the sense that people should recognize them as acts they ought to do without need of proof or further evidence. For example, the duties of beneficence rest on the notion that actions taken can improve the intelligence, virtue, or happiness of others. Basically, this is an obligation to do good when the opportunity arises. With almost half the world's population living on less than $2.50 a day (The World Bank 2008), firms are intuitively aware of the role they can play in alleviating poverty. Traditionally, this function has been limited to charity or corporate philanthropy. However, the task has been recently broadened to include firm involvement with impoverished segments. For example, through its microcredit program, Grameen Bank has lifted millions of poor women out of poverty (Bornstein 2005). If corporations engage impoverished segments motivated by the duty of beneficence, they are also intuitively aware that it would be morally wrong to exploit a market segment whose condition they are trying to improve. Based on the role of intuition in ethical marketing and inspired by Ross's theory of duties, particularly the duty of beneficence, an emerging characteristic of a just market is an authentic engagement with customers, particularly those who are impoverished, with nonexploitative intent.

The Notion of Inherent Fairness in Marketing Transactions

Laczniak and Murphy (2008, p. 7) point out that one of the overarching issues with regard to assessing distributive justice in marketing is the question, What is fair? or Whose conception of fairness should be used to settle competing marketing claims? A logical place to explore the topic of fairness can be found in the writings of the influential Harvard philosopher John Rawls. Rawls (1971, 1999) uses a thought experiment called the "original position" to arrive at a conception of justice that should be acceptable and fair to all. In this position, people do not know in advance their future status in society (e.g., class position or social status, wealth, intelligence, strength). Rawls calls this condition a "veil of ignorance." Rawls (1999, p. 266) proposes that in this original position, free and rational people who want to further their own interests and, at the same time, minimize their social risk (because they do not know in advance what their "revealed" status will be) will arrive at two moral principles:

1. Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all.
2. Social and economic inequalities are to be arranged so that they are both (a) to the greatest benefit of the least advantaged and (b) attached to offices and positions open to all under conditions of fair equality of opportunity.

In the context of marketing to impoverished market segments, the first part of the second principle, which is called the "difference principle," is especially relevant. Because the impoverished consumer is the least-advantaged stakeholder, the difference principle offers a criterion by which to judge whether exchanges that involve such customers are just. The difference principle is essentially an affirmative action principle for the impoverished consumer, one that implies that actions that further disadvantage such consumers should not be taken (Laczniak 1983; Laczniak and Murphy 1993, 2008).

An essential takeaway point that the difference principle raises is that various options of cooperation with poor consumers should be considered, and the approach chosen should be one in which the least-advantaged members are made better off. Consistent with the stakeholder model (Freeman 1984; Freeman, Harrison, and Wicks 2007), this point implies that the interests of all the stakeholders should be considered, and the action chosen should be one that optimizes the interests of all the stakeholders, but especially with an eye to the impoverished or least-advantaged consumer. Based on the role of fairness in ethical marketing and inspired by Rawls's difference principle, an emerging characteristic of a just market is interest representation of all stakeholders, particularly impoverished consumers.

The Role of Marketer–Consumer Dialogue in the Cocreation of Value

Although marketing prides itself on being customer focused, the value of the marketing transaction has traditionally been determined by the firm alone. An emerging approach is that instead of autonomously positing what constitutes value for consumers, a firm should involve consumers in the value-creation process itself (Vargo and Lusch 2004). This value creation does not take place only at the point of exchange, but rather, as Prahalad and Ramaswamy (2002, 2004) indicate in their treatises on joint value creation, it occurs at all points of interaction between the firm and the consumer. According to Prahalad and Ramaswamy (2000, p. 81), one of the four fundamental realities in co-opting customer competence is that of engaging customers "in an active, explicit, and ongoing dialogue." The discourse theory of the German philosopher Jürgen Habermas is particularly illumining with regard to the role of marketer–consumer dialogue in the cocreation of value. Habermas (1990) proposes that instead of postulating a priori moral norms, such as Kant's categorical imperative, people should arrive at these norms through a process of practical discourse. Habermas's discourse theory differs from Kant's categorical imperative and Rawls's original

position. In the case of Kant, the frame of reference is the autonomous rational will, whereas for Habermas, it is moral agents in dialogue. Unlike Rawls's original position, according to which rational egoists contract behind a veil of ignorance, Habermas's discourse theory features moral agents who strive to put themselves in others' place. In discourse theory, fairness is achieved when people put themselves in the place of every other party. Thus, discourse theory places empathy and dialogue at the heart of the process for arriving at a reasoned agreement of what constitutes a valid moral norm (McCarthy 2001; Nill and Shultz 1997).

An important task in the context of marketing to impoverished market segments is determining what constitutes a just market situation for all those involved, particularly the impoverished consumer. According to discourse theory, fairness in market transactions with such consumers can be achieved through a process of practical discourse in which impoverished consumers participate. In the case of impoverished market segments, sellers often assume that the poor cannot articulate their needs or may not even know what these needs are. In the few instances in which seller–buyer dialogue is initiated, listening to the voice of the customer, either for designing new products or for evaluating existing ones, has largely been carried out through mainstream market research. However, in the context of impoverished market segments, it is assumed that these consumers may not know what they want or be able to articulate themselves sufficiently. Traditional market research instruments, such as surveys or even personal interviews, may not generate accurate results. In contrast, consider the following "in-field" manifestation of the viewpoint that there is much to be learned from economically challenged consumers: With the notion of expanding consumer empathy at focus, Procter & Gamble (P&G) altered its market research strategy in emerging economies. Instead of conducting traditional research, the firm sent market researchers to spend time in rural villages of developing countries, observing the everyday behavior of poor consumers (Grant 2005; Silverman 2006). This enabled P&G to develop products that the customers needed rather than what P&G thought they needed. Therefore, an emerging characteristic of a just market is the cocreation of value with customers, especially those who are impoverished or disadvantaged.

Consumer Capabilities and Their Role in Ethical Marketing

According to the Peruvian economist Hernando de Soto (2000), a major reason for the continuation of poverty is that poor people's exchange possibilities have been limited by either a lack of ownership or the ability to use what they own as collateral. In addition, impoverished consumers lack financial resources or education levels (Karnani 2007). These limitations impede impoverished consumers from competitively transacting in the marketplace.

An approach that focuses on empowering the capabilities of people is that of the Nobel Laureate Amartya Sen (1983, 1999), who advocates broadening the framework of development economics. For Sen, economic growth should be considered not merely in monetary terms, such as gross domestic product, aggregate income, or supply of goods and services, but also in perspectives that involve expanding the capabilities, entitlements, and freedoms of people. According to Sen (1983, p. 754), entitlements refer to "the set of alternative commodity bundles that a person can command in a society using the totality of rights and opportunities that he or she faces." From these entitlements, a person could acquire or fail to acquire some capabilities. For Sen (1999, p. 75), a person's capabilities specifically refer to "the alternative combinations of functionings that are feasible for her [or him] to achieve"; a capability then is "a kind of freedom: the substantive freedom to achieve alternative functioning combinations." Sen (1999) considers the expansion of freedom both the primary end and the principal means of development. Sen's view of freedom here is one that "involves both the *processes* that allow freedom of actions and decisions and the actual *opportunities* that people have, given their personal and social circumstances" (p. 17, emphasis in original). Sen lists five distinct types of instrumental freedoms that are interconnected and complementary: (1) political freedoms, (2) economic facilities, (3) social opportunities, (4) transparency guarantees, and (5) protective security. Each of these freedoms advances the general capability of a person.

In the context of marketing to impoverished segments, Sen's (1999) approach calls for a perspective that views impoverishment as capability deprivation and not merely in terms of a lack of income. Capability deprivation is the result of a lack of entitlements and is characterized by a lack of freedom, such that impoverished consumers are unable to make choices to achieve what they value being and doing. To engage impoverished segments ethically, it is important to increase both their entitlements and their capability sets. There are many noteworthy examples of organizations that have attempted to increase either the entitlements or the capability sets of impoverished segments. In many countries, an area in which the capability set of impoverished segments is particularly limited is that of Internet access and computing skills. The lack of access to computers and the Internet significantly limits the potential of impoverished consumers to competitively transact in the marketplace. An example of bridging the digital divide is that of Drishtee in India (Chan 2006). By 2006, Drishtee had set up approximately 1020 information and communication kiosks throughout rural India to deliver access to e-government, education, and health care information. The company is hoping to establish approximately 10,000 kiosks by 2009. The access to information that these kiosks offer enables impoverished consumers to make better-informed choices. However, improving the availability of computers or the Internet will not be helpful unless these efforts are also accompanied by initiatives that increase computer education. One such example is that of the Committee for Democracy in Information Technology in Brazil (Smith 2006). The committee's mission is to train underprivileged youths in computer and Internet skills; by 2006, it had already trained 600,000 adolescents. As these examples show, the development of impoverished markets is inherently an extended process, one that seems to require developing people's capabilities so that they can better transact in the marketplace. Therefore, consistent with

Sen's thinking, an emerging characteristic of a just market is an investment in future consumption.

Marketing to the Poor from the Perspective of Management Frameworks

Several proven and emerging perspectives in management can also be used to underscore the validity of the IJM. Subsequently, we consider four of these—stakeholder theory, the triple bottom line (TBL) approach, socially responsible investment, and sustainability—to derive and validate the specific elements of the IJM further.

A Stakeholder Perspective

In contrast to shareholder theory, which holds that the firm's exclusive responsibility is to its shareholders (Friedman 1962, 1970), stakeholder theory maintains that a firm has a responsibility to other constituencies that have a stake in the firm (Freeman 1984). Freeman, Harrison, and Wicks (2007) define a stakeholder as "any group or individual who can affect or is affected by the achievement of a corporation's purpose" (p. 6) and point out that "value creation is a joint process that makes each primary stakeholder better off" (p. 52). In other words, there does not need to be any trade-off involved, meaning that the interests of some stakeholders do not need to be sacrificed in favor of the interests of other stakeholders.

In the context of marketing to impoverished market segments, what is the best way to evaluate whether the interests of the impoverished consumer are really considered? For example, low-income consumers in the United States may believe that their interests are being served by the rent-to-own industry (Lacko, McKernan, and Hastak 2002). The services offered by the rent-to-own industry enable these consumers to own products, such as refrigerators, television sets, stereo systems, and automobiles, that they would otherwise not be able to afford. However, although the monthly installments may be small and seem affordable to these consumers, the total amount paid is many times higher than the cost of the product. Some jurisdictions have placed "caps" on the annual interest rates that such lenders can earn. For the most part, these companies have continued to operate, suggesting that their reduced profitability still allows for a "win-win" situation for both lender and renter. To better serve the interests of stakeholders, Freeman, Harrison, and Wicks (2007, p. 112) recommend that managers should "put themselves in the stakeholder's place and try to empathize with that stakeholder's position." This becomes all the more important when the stakeholders are impoverished customers who are disadvantaged in many ways. Based on a stakeholder perspective, an emerging characteristic of a just market is interest representation of all stakeholders, particularly impoverished customers.

The TBL Approach

Today's business environment is increasingly characterized by a perspective that is becoming known as the TBL approach; this concept for judging organizations focuses simultaneously on economic prosperity, environmental quality, and social well-being. A prominent advocate of the TBL concept is John Elkington (1998). Essentially, the TBL approach calls for an enlarged mind-set that moves from an exclusive focus on financial measures to considering the social and environmental aspects of the firm as well. Although profits are an indicator that a firm is functioning well, a preoccupation with short-term financial returns can ironically act against the firm's long-term interests. The example of companies, such as the now-defunct Enron, whose executives manipulated financial records to show higher earnings and thus push up the share price is a case in point. A mania by management regarding short-term financial hurdles can often reduce the firm's ability to position itself advantageously for future business opportunities, create resentment among stakeholders, and engender costly regulation.

Much of the criticism levied against the TBL is related to the lack of proven or standard metrics for measuring a firm's environmental and social impact (see, e.g., Norman and MacDonald 2004). Although uniform standards exist in financial reporting, there are still no such comparable standards in social and environmental reporting (Schäfer 2005). This does not imply that there is a shortage of suggested frameworks for measuring social and environmental impact. A framework that has been finding growing acceptance among corporations and investors is that of the Global Reporting Initiative (2006). However, the greater significance of the TBL approach is that it calls for a longer-term financial view, not one that is driven by quarterly profit increments or even annual return-on-investment targets. In the context of impoverished segments, the market development of these segments is inherently a longer process than one that is dictated by the length of fiscal reporting periods and/or annualized share performance scores. In the TBL, the acceptance of long-term profit management rather than short-term profit maximization is essential. Therefore, companies must be willing to sacrifice short-term profits to lay the groundwork for the continued participation of these selected market segments (i.e., economically challenged consumers) in future transactions. Such an approach has the potential to increase the long-term expected value of future business. Increasingly, large corporations (e.g., Coca-Cola) are resisting the provision of quarterly profit guidance to investment analysts because they find such a focus antithetical to the long-term strategic planning process (Platt 2003; Plitch 2006). Thus, consistent with the TBL approach, an emerging characteristic of a just market is a focus on long-term profit management rather than short-term profit maximization.

Socially Responsible Investing

In the wake of the corporate scandals in recent years, companies are beginning to realize that a substantial number of investors are not interested solely in the financial performance of the company; they are also concerned about social and environmental issues. According to the Social Investment Forum (2006), socially responsible investment assets in the United States rose more than 258% from $639 billion in 1995 to $2.29 trillion in 2005. At the same time, there may or may not be conclusive evidence that suggests that socially responsible firms outperform those that are not. For example, after reviewing the evidence, which includes aca-

demic studies of the relationship between profitability and responsibility, Vogel (2005, p. 42) concludes that there is “little support for the claim that more responsible firms are more profitable.” However, socially responsible investment assets increased 4% faster than the entire universe of managed assets in the United States over a ten-year period from 1995 to 2005, which is indicative of a marked shift in investor preferences (Social Investment Forum 2006). This return level is also indicative of the notion that socially responsible investment is not the naive financial strategy that some of its early critics made it out to be (Glassman 1999).

A major premise in the shareholder model (Friedman 1962, 1970) is that the company should aim to maximize the wealth of its shareholders. However, the growth of socially responsible investing indicates that a significant number of shareholders are not interested in wealth maximization as the sole or solitary measure. For example, Nike discovered the negative impact of the exploitative labor practices of its contractors on its business and moved to alleviate supplier abuses (McAlister, Ferrell, and Ferrell 2005, pp. 253–54). In the context of marketing to impoverished consumers, if companies are attracted to these segments solely for the profit motive, there is an increased possibility of exploitation. Undoubtedly, in the short run, most of these companies will perform well. However, over time, the exploitation of particularly vulnerable segments will not be readily acceptable to socially responsible investors. Instead, it may well be in the company’s best interests to focus on a long-term perspective, to concentrate on value creation for all the parties involved, including the impoverished customers. Thus, from the perspective of socially responsible investing, an emerging characteristic of a just market is a focus on long-term profit management rather than short-term profit maximization.

The Sustainability Perspective

The annual Business for Social Responsibility conference held in New York in 2006 is a testament to the importance currently attributed to the sustainability movement (Nocera 2006). The conference attracted more than 1200 corporate practitioners, experts, academics, and consultants. The growing membership in the World Business Council for Sustainable Development (2008, p. 7), which has more than 200 leading international companies from more than 35 countries and 20 major industrial sectors, is another indicator of the increased significance of sustainability in the corporate world. According to the Johannesburg Declaration on Sustainable Development, sustainability involves “poverty eradication, changing consumption and production patterns, and protecting and managing the natural resource base for economic and social development” (United Nations 2004).

In the context of marketing to impoverished market segments, the dimension of poverty eradication has special relevance. Traditionally, the contribution of corporations to eradicating poverty has largely been limited to corporate philanthropy. However, large firms are becoming increasingly aware that “the vast numbers of people living in poverty today are potential consumers, employees, and suppliers” (Timberlake 2006, p. 11). Therefore, an emerging approach toward poverty eradication involves business engagement with the low-income group, encouraging a spirit of entrepreneurship among the poor, and seeking ways that the poor can more actively participate in and benefit from the process of economic development (Hart 2007; Novak 1996; Prahalad 2005). The process of empowering impoverished consumers so that they can better participate in the market economy in the future calls for a shift from the traditional short-term mentality of doing business with those who have purchasing power to a long-term one of investing in future consumption possibilities, such that purchasing power can grow to engender future purchasing cycles without endangering the environment (Hart 1997, 2007). For example, sellers in the United States and Europe that source fair-trade products (e.g., coffee, cocoa, tea) are sponsoring trips to points of production for their vendors and retailers to help illustrate how paying a premium price for these items is making a difference in the lives of producers from these impoverished regions (Covel 2008). Thus, an emerging characteristic of a just market is investment in future consumption without endangering the environment.

Applying the IJM

Recently, Rangan and McCaffrey (2004) proposed a “market construction” paradigm for better considering the needs of the poor. They designed this approach to be applicable to developmental infrastructure projects (e.g., mines, dams) that affect substantial numbers of people in developing countries. Their ideas, though sketchy, spoke with eloquence about listening to the poor and operating without long-term damage to the environment. They built their paradigm around five parameters: functional processes, aim, outcomes, business role, and vision. Inspired by their framework, we present in Figure 1 the IJM, adding the substantive and specific elements of just markets we derived in our discussion in the previous section.

At the center of the IJM are the exchange transactions between the firm and the impoverished market segment. The aim of the IJM is to enhance fairness and equity in economic transactions involving impoverished consumers. Again, the value inputs that help create fairness in the exchange transaction—based on ethical and business theory—are (1) an authentic engagement with customers, particularly the impoverished ones, with nonexploitative intent; (2) cocreation of value with customers, especially those who are economically challenged or disadvantaged; (3) interest representation of all stakeholders, particularly poor customers; and (4) long-term profit management instead of short-term profit maximization. These elements are considered moral imperatives that should be applied when organizations market to the marginal poor. The outcomes for firms that follow from the IJM will be the development of long-term relationships with customers, customer empowerment, sustainable business initiatives, and the creation of a fairer marketplace. Ultimately, the overarching vision of the IJM is to lay the foundation for prototype markets that empower the poor while creating win-win situations for buyers and sellers.

Public Policy Implications

Given that the IJM is a normative ethical framework for marketing to the poor, it might seem unexpected to discuss its pragmatic, public policy implications. However, this is not the case. Recall that a central motivation for the IJM involves the possible mutual rewards flowing from expanded business involvement in marketing to the impoverished. Various policy interventions might both better protect these vulnerable consumer segments and stimulate productive business intervention in such target segments. This effort should be expected and welcomed.

For example, the "authentic engagement" element of the IJM suggests that whenever possible, firms should support the formalization of consumer rights that guarantee safety, redress, sufficient information, and other basic requirements of exchange fairness. Such person-centered concerns for business stakeholders in developing economies are already partially reflected in various aspirational global codes of ethics, such as the United Nations Global Compact (2000) and the Caux Principles (Caux Round Table 1994).

The "interest representation" or "advocacy for the poor" element in the IJM implies that governmental subsidies might be extended when for-profit companies partner with nongovernmental organizations (NGOs) to better serve the needs of poor consumers. Historically, NGOs have served disadvantaged clients without profit expectations, but their partnership with corporations could generate significantly enhanced beneficial outcomes, and therefore partnerships might be incentivized by government or private foundations. Examples of NGOs reaching out for corporate marketing expertise are various humanitarian relief organizations that have begun to contract out their supply chain functions to streamline and professionalize logistics and distribution (Murray 2008).

The "investment for future consumption" element of the IJM might also involve exploring tax breaks or other subsidies to encourage productive corporate partnerships that enable local concerns to grow. For example, when a local entrepreneurial company called Waste Concern partnered with Map Agro, a large fertilizer company, to turn garbage into compost in Dhaka, Bangladesh, the operation was so successful that the Dhaka City Council deeded over land to Waste Concern, enabling it to expand operations further (Seelos 2008). Similarly, Whole Foods of Austin, Tex., has created the Whole Planet Foundation, whose charge includes providing seed money for business expansion to suppliers of organic and natural food products operating in developing countries (PR Newswire 2008).

From a theoretical perspective, public policy also supports the purposes of the IJM by connecting it with a mechanism that makes it stronger—corrective justice. Corrective justice involves the formalization of procedures and regulations to ensure that "liability rectifies the injustice inflicted by one person [or party] on another" (Mascarenhas, Kesavan, and Bernacchi 2008, p. 70). In other words, corrective justice institutionalizes a balance of power in the market exchange system for impoverished consumers who otherwise might be lacking. In this manner, public policy can serve as a handmaiden to the IJM approach and its theme of distributive justice by making ethical initiatives more likely to succeed. Precisely what public policy steps should be undertaken will depend on the country, market segment, and nature of the marketing venture at focus.

In summary, globalization and the subsequent expansion of MNC engagement with impoverished market segments appear to be inevitable. Various economic analyses illustrate the aggregate market potential of the marginal poor. Critics of corporations will increasingly scrutinize marketing programs directed at the poor for exploitation and unfair practices. The IJM postulates an idealized process for ethically marketing to the economically disadvantaged in a manner that can be judged to be both socially fair and strategically helpful. The next logical step in the development of the IJM approach will be to specify practical steps that can vitalize its espoused ideals. For example, certain marketing research techniques may hold promise for better representing the needs of the impoverished or developing social metrics that prove to be useful in projecting future returns based on current investments in sustainable consumption patterns. Although the focus of the IJM in this article has been on the marginal poor, the key characteristics of the IJM could equally apply to other groups of vulnerable and constrained consumers, such as people with disabilities, the elderly, the homeless, and children. Likewise, the IJM as a justice-oriented framework might be beneficial to other organizations than simply MNCs, such as small and medium-sized firms, social enterprises, and nonprofits. Further research should consider the application of the IJM to these groups.

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