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# Introduction

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ACCORDING TO THE *SOCIAL PANORAMA of Latin America 2009* developed by the Economic Commission for Latin America and the Caribbean (ECLAC), while the effects of the economic crisis began to show by late 2008 in Latin America, that was the sixth consecutive year of growth for Latin America and the Caribbean, with a 4.1% GDP increase. Against this background, the study goes on, the poverty rate among the region's population was 33.0% in 2008, including 12.9% who lived in extreme poverty or indigence—equivalent to 180 million poor and 71 million indigent persons, respectively.

The impact of poverty and indigence was stronger in rural than in urban areas. In 2008, the percentage of poor population in rural areas (52.2%) was virtually double the urban poverty rate (27.6%). Indigence shows an even sharper difference; the incidence in rural areas (29.5%) was more than threefold higher than in urban areas (8.3%). Moreover, these figures show that, unlike what happens in urban areas, most of the poor population in rural areas lives in abject poverty, which shows that the lack of resources to meet

basic needs is more widespread in rural areas.

This situation—which is indirectly associated with another concern, the environment—leads to calls for a better and more cooperative approach to reducing poverty. This approach should include partnering with people living in poverty conditions to innovate and provide for sustainable win-win scenarios in which the poor are actively involved and committed. And, within this framework, in our region there are several players who are promoting the base of the pyramid (BoP) conceptualisation, albeit with different names. For instance, in the social sphere, Fundación AVINA and Ashoka Emprendedores are promoting this conceptualisation with their social entrepreneurs. The UN Programme 'Growing Inclusive Markets' tries to do the same in the public sector. The Inter-American Development Bank has developed the initiative 'Opportunities for the Majority', which offers credit lines to develop BoP projects. Additionally, beyond individual efforts and some specific corporate projects, it should be noted that Roberto

Salas, President of Masisa, a company associated with the World Business Council for Sustainable Development (WBCSD), has promoted the creation of the Latin American Network of Inclusive Business Leaders, within the framework of this Council, to foster knowledge and the creation of information ‘networks’ among the companies belonging to the Network (to date there are over 70 throughout the region), and to promote ‘inclusive business’ in other companies and sectors as well. During the opening session of the Global Forum on Sustainable Enterprise—held in early June 2009 and mentioned by Professor Hart in the Preface to this publication—Fisk Johnson, CEO of SC Johnson, stated that to move towards a sustainable world:

incremental solutions—doing ‘a little more’ of what we do already or ‘doing it a little better’—will not work. ‘Disruption’ alone is not enough. What’s required is ‘disruptive leadership’, by three different groups: the private sector, the public sector and consumers.

I believe that Roberto Salas’s initiative can be framed within Fisk Johnson’s ‘disruptive leadership’ which, in this case, comes hand in hand with a strong vision of a brighter future for Latin America.

The purpose of this special issue is to continue promoting the BoP conceptualisation in our region, a contribution that began with the creation of the Argentine Base of the Pyramid Learning Laboratory in September 2005, which, in turn, is a member of the International Laboratory Network developed by Stuart L. Hart.<sup>1</sup> The objectives of this laboratory are, on the one hand, to create theoretical and hands-on knowledge to encourage the private sector to eradicate poverty as a proactive partner, betting on the potential of local players, and, on the other, to participate in inclusive business projects that add value to

the company and development to people living under poverty conditions.

These objectives are accomplished by different activities, such as: multi-sector discussion meetings; development of Regional Mini Labs, with the exclusive participation of local players; research (and case study development) in collaboration with companies (and also with civil organisations, public administrations and multilateral organisations); education and training for the development of strategies and models of inclusive business; publications; and attendance of congresses, conferences, forums and other Labs. Perhaps the reference activities for this laboratory are ‘multi-sector activities’, which are attended by companies, NGOs (and social entrepreneurs), members of the government and academia. Each participant in the multi-sector meetings was selected based on the nature of his or her relationship with the BoP. Thus, the lab includes companies that, at a local level, have implemented business strategies in the BoP, others that are developing said strategies, and some others that have not developed such strategies yet, but their foreign parent companies have initiatives in the BoP market. The selected NGOs are those that, owing to their work, are closely connected with poverty. The guest social entrepreneurs belong to Fundación AVINA and Ashoka Emprendedores, which are two organisations that support this concept worldwide. The members of government belong to departments whose work mainly focuses on the BoP (Ministry of Labour, Ministry of Social Development, and Secretariat of Environment and Sustainable Development). Academia has been defined based on the postgraduate level in private as well as public universities. Table 1 shows the number of participants per sector who took part in each of the conducted activities.

The call for papers for this special issue of *Greener Management International* covered three key domains relating to the BoP approach: BoP as a new market as a source for the co-creation of new sustainable business ventures highlighting the role of

<sup>1</sup> For more information, see: [www.basedelapiramide.org.ar](http://www.basedelapiramide.org.ar) (accessed 20 April 2010).

**Table 1** NUMBER OF PARTICIPANTS PER SECTOR IN EACH LAB ACTIVITY

	1st activity (Sep 2005)	2nd activity (June 2006)	3rd activity (June 2007)	4th activity (August 2008)	5th activity (April 2009)
Private sector	34	18	22	19	19
Government	8	6	6	1	1
NGO	10	5	12	9	7
Business associations	2	4	2	2	3
Development agencies	2	2	2	1	3
Social entrepreneurs	7	4	6	4	1
Academia	17	18	17	11	17
Total	80	57	67	47	51

local entrepreneurs; the role of technology and innovation; and sustainability. This call attracted 25 submissions, 11 of which were invited to the second round for full manuscript review. Finally, and with the help of the review panel throughout this process, I have selected six top-quality papers which deal with the essential aspects of the BoP concepts.

The journal begins with Barki and Parente's exploratory research into some behavioural aspects of BoP consumers in Brazil. Rather than understanding why, how and what consumers buy, this research study explains the reasons underlying the behaviour of the population under review. Certain attributes, such as lack of dignity, low self-esteem and relevance of abundance, are strongly evidenced in this study.

The special issue continues with two papers, also from Brazil, which provide insightful case studies. In the first one, Gradl, Krämer and Amadigi take Masisa's Casa Melhor project as an empirical basis for learning to examine the resources and capabilities that partners should have in order to make the inclusive business model succeed. The second one, authored by Nascimento, Trevisan, Figueiró and Bossle, features the study of the PET bottle recycling chain to show its great potential to add value, reduce environmental impacts, and increase the income of the casual workers involved. Managers of sorting units in Porto Alegre, as well as the

representatives of intermediate links and the recycling companies supplement this study.

In the next paper, Åsa Malmborg and Cecilia Mark-Herbert describe the factors that influence corporate decisions in terms of environmental management systems in the Uruguayan BoP markets. Moreover, in the fifth paper, Gardetti and D'Andrea analyse the evolution in the BoP strategies at Masisa Argentina—a wood/timber company in operation in Argentina since 1992—based on the core concepts of this type of strategy. The evolution is also compared with the fundamentals of the Base of the Pyramid Protocol by showing that the company—relying on the domestic environment—managed to make use of the BoP integration strategies thanks to the lessons learned at a time when the company had almost no experience and capabilities of developing this type of strategy. Therefore, the purpose of this case is to contribute to the debate on the current, rather dogmatic, approach to the BoP Protocol.

The last paper, developed by César Antúnez de Mayolo and Miguel Ferré from Peru, introduces an integral framework to be used by academics and corporations in order to justify their incursion in BoP markets. The framework proposed in this article is based on the 'Octagon' model and helps to identify opportunities at the BoP, designing articulated value propositions to those potential consumers.

Now, I would like to raise some questions which, as both BoP researchers and practitioners in Latin America, we should address in the near future in order to develop a local, co-created and shared vision of the BoP conceptualisation: What are the local needs? What kind of knowledge should be generated? Who are the intended players? How could this process evolve in the continent? Moreover, I believe that future challenges will call for answers to other questions, such as: How can a company turn its strategy at the BoP into a competitive advantage while fostering development among people living in poverty at the same time? What kind of business model will work to turn business models into 'transformational' models for poor people? How can we build trust in the informal economy? How can we move from informality to formality? What kind of education do business schools need? How can we integrate the new sustainable technologies into this process? How can we develop the educational/social infrastructure? Furthermore, from the regulatory and policy formulation viewpoint, if entering the markets at the base of the pyramid is a good choice for both development and business, what does it take to turn this into a reality?

In concluding, my special thanks go to the review panel for their outstanding work. This special issue would not have been possible without their dedication and commitment.

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