

Mapping the State of the Art of European Companies Doing Social Business at the Base of the Economic Pyramid as an Advanced Form of Strategic Corporate Social Responsibility

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Abstract : The objective of the paper is to study how large European companies develop social business (SB) at the base of the economic pyramid (BoP). BoP markets are defined as the four billions people living with an annual income below \$3,260 in local purchasing power. Despite they are heterogeneous in terms of geographic range they present some common characteristics: the presence of significant unmet (social) needs, high level of informal economy and the so-called 'poverty penalty'. As a result, most people living at BoP are excluded from the value created by the global market economy. But it is worth noting, that BoP population with an aggregate purchasing power of around \$5 trillion a year, represent a huge opportunity for companies that want to enhance their long-term profitability perspective. We suggest that in this context, the development of SB is, for companies, an innovative and promising way to satisfy unmet social needs and to experience new forms of value creation. Indeed, SB can be considered a strategic model to develop CSR programs that fully integrate the social dimension into the business to create economic and social value simultaneously. Despite in literature many studies have been conducted on social business, only few have explicitly analyzed such phenomenon from a company perspective and their role in the development of such initiatives remains understudied with fragmented results. To fill this gap the paper analyzes the key characteristics of the social business initiatives developed by European companies at BoP. The study was performed analyzing 1475 European companies participating in the United Nation Global Compact, the world's leading corporate social responsibility program. Through the analysis of the corporate websites the study identifies companies that actually do SB at BoP. For SB initiatives identified, information were collected according to a framework adapted from the SB model developed by preliminary results show that more than one hundred European companies have already implemented social businesses at BoP accounting for the 6,5% of the total. This percentage increases to 15% if the focus is on companies with more than 10.440 employees. In terms of geographic distribution 80% of companies doing SB at BoP are located in western and southern Europe. The companies more active in promoting SB belong to financial sector (20%), energy sector (17%) and food and beverage sector (12%). In terms of social needs addressed almost 30% of the companies develop SB to provide access to energy and WASH, 25% of companies develop SB to reduce local unemployment or to promote local entrepreneurship and 21% of companies develop SB to promote financial inclusion of poor. In developing SB companies implement different social business configurations ranging from forms of outsourcing to internal development models. The study identifies seven main configurations through which company develops social business and each configuration present distinguishing characteristics respect to the involvement of the company in the management, the resources provided and the benefits achieved. By performing different analysis on data collected the paper provides detailed insights on how European companies develop SB at BoP.

Keywords : base of the economic pyramid, corporate social responsibility, social business, social enterprise

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