


Page 1 ROTTERDAM SCHOOL OF MANAGEMENT




ENVIRONMENTAL SUSTAINABILITY CHALLENGES FOR BOP BUSINESS

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Page 2 ROTTERDAM SCHOOL OF MANAGEMENT



The promise of the BoP philosophy

- ❑ Pragmatic, feasible response to widespread poverty
- ❑ Looks like a sustainable solution, involving only winners

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Page 3 ROTTERDAM SCHOOL OF MANAGEMENT




The threat of environmental disruption

- ❑ Environmental sustainability looks like a 'mission impossible':
 - ✓ The socio-economic needs of four billion persons need to be met
 - ✓ These actors are highly budget-constrained
 - ✓ Their priorities are likely to be other than environmental sustainability

Page 3 ROTTERDAM SCHOOL OF MANAGEMENT

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Further complications in the BoP context

- ❑ Underprotected property rights
- ❑ Lowly educated economic actors
- ❑ Poor infrastructure
- ❑ Rampant corruption
- ❑ High population growth

Page 4 ROTTERDAM SCHOOL OF MANAGEMENT

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The environment in a flourishing BOP setting?



Environmental governance options



Environmental dimension \ Governance type	Resource depletion	Pollution
Market-driven options	?	?
Non-market options	?	?

Market-driven governance options

Environmental Dimension \ Market option	Resource depletion	Pollution
Market clearing	+ (if privately held) - (if common pool)	-
Corporate innovation	+	-
Corporate social responsibility	- (if local) (+) (if multinational)	- (if local) (+) (if multinational)

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Non-market governance options

Environmental Dimension \ Non-market option	Resource depletion	Pollution
Government intervention	- (if local) (+) (if international)	- (if local) (+) (if international)
Industry self-regulation	-	-
Civic action	- (if local) (+) (if international)	- (if local) (+) (if international)

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Page 9 ROTTERDAM SCHOOL OF MANAGEMENT



Conclusion

- ❑ Selective effectiveness of environmental governance options:
 - ✓ Market clearing and corporate innovation will prevent the depletion of privately held natural resources
 - ✓ Industry self-regulation and local action by government, business, and civil society will hardly be effective
 - ✓ International actors (governments, civil society, firms) will address visible, transboundary pollution and the depletion of common pool resources
- ❑ Environmental sustainability in BoP markets will require international collaboration

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