



From impactful research to sustainable innovations for subsistence marketplaces

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ABSTRACT

Subsistence marketplaces, sometimes known as the base of the pyramid or BOP, are resource-poor communities mostly concentrated in developing countries. While traditionally viewed as difficult to do business in, some firms, entrepreneurs, and nonprofit organizations are choosing to address the needs as well as leverage the opportunities within these communities. In so doing, they are advancing the frontier of marketing and delivering sustainable innovations. This special issue is dedicated to understanding these advancements, insights, and processes from multiple perspectives. The research herein was presented at the Third Subsistence Marketplaces Conference held in 2010. Collectively, the studies describe new theories and frameworks on individual, organizational, and market dynamics specific to subsistence environments, along with empirical evidence gathered through surveys, experiments, depth interviews, and observations of how these dynamics work. As a consequence, it is clear that knowledge on the rich complexity of BOP lives is growing rapidly, and being translated into economically impactful, socially meaningful, and sustainably innovative endeavors. This special issue is one contribution toward that end, benefitting hopefully all its participants, now and into the future.

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1. Introduction

Organized jointly by the University of Illinois at Urbana-Champaign and University of Illinois at Chicago, with the participation of Dominican University and DePaul University, the Third Subsistence Marketplace Conference was held July 9–11, 2010 in Chicago at the University of Illinois at Chicago campus. As with the first conference in August 2006 and the second in June 2008, this gathering was aimed at better understanding and responding to consumers and entrepreneurs who live at or near subsistence. “Subsistence,” a descriptive not evaluative term, connotes being resource-poor, or barely having sufficient resources for day-to-day living, yet being possibly rich in other ways, such as social relations and networks (Viswanathan & Rosa, 2007).

The conference specifically recognized “subsistence marketplaces,” which pre-exist in their own right – not just as markets to *sell to* but as individuals, communities, consumers, entrepreneurs, and businesses to *buy and learn from* (Viswanathan & Sridharan, 2009). These marketplaces are largely concentrated in developing countries and regions such as Brazil, India, and Sub-Saharan Africa. The conference uniquely

centered on commercial and social innovations for subsistence marketplaces that are ecologically, economically, and socially sustainable.

2. Conference Program

As businesses, governments, and nonprofit organizations seek to know and serve these communities, innovation and sustainability have become pathways to do so. Traditional forms of aid and economic development have met with limited success in ameliorating poverty and improving the quality of life for many. To explore the pathways of innovation and sustainability, the program included plenary panels, participatory workshops, keynote speeches by thought leaders, special sessions and research papers. The conference was inter-disciplinary and a range of perspectives was offered, from the fields of design and marketing to computer science and social work. It was likewise cross-sectoral, bringing together academicians, social enterprise leaders, business practitioners, and government officials. The interdisciplinary and cross-sector representation enriched and invigorated the exchange of ideas. The perspective maintained throughout was bottom up, or beginning with a micro-level understanding of subsistence consumers, entrepreneurs, and marketplaces to derive macro-level implications for organizational strategies and public policy. The bottom up view was taken to develop sustainable business models and technological innovations that positively impact subsistence marketplaces, and in fact, *all* marketplaces.

The program began with sessions on subsistence consumption and entrepreneurship. Concurrent sessions focused on co-creating impactful innovations and innovative partnerships in subsistence settings. Later that day, keynote speaker Pradeep Kashyap provided

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inspiring insights about his pioneering and inclusive marketing practices in rural India, where he created a cutting-edge organization with a social conscience called MART. Panels in the afternoon addressed topics such as creating impact through business and social innovations, including a session on design principles for social projects by IDEO, one of the world's foremost design consultancies. Each panel brought together practitioners with extraordinary experience working in subsistence marketplaces around the world.

The second day featured concurrent research sessions spanning levels of analysis from consumer behavior to subsistence entrepreneurs and from business strategy to financial and technological innovations. We also came together to remember C.K. Prahalad, the McCracken Distinguished University Professor of Corporate Strategy at the University of Michigan. The conference and this special section issue is dedicated to him. What better way to articulate the importance of the theme of innovation and sustainability than to recall the life of the individual who in many ways brought the Bottom of the Pyramid to the attention of businesses worldwide, highlighting how the creative ideas and energies of people can bring about new and powerful solutions to communities and places easily dismissed as economically hopeless.

While C.K. Prahalad's work epitomized innovation and impact in so many areas — perhaps none was greater than his pathbreaking ideas on the Bottom of the Pyramid. A life of innovation and impact indeed! Sharing memories about him were current and former colleagues and friends (Ted London of the University of Michigan and Tom Murtha of the University of Illinois at Chicago, Dean Stefanie Lenway of Michigan State University, and Madhu Viswanathan of the University of Illinois at Urbana-Champaign).

In the same spirit, we also recognize in this special section issue the amazing contribution of another individual. Robin Orr was an extension specialist at the University of Illinois at Urbana-Champaign. Her work on nutrition education touched the lives of a million people in the state of Illinois, expanding to every county during her tenure. Robin Orr and C. K. Prahalad are reminders that true measures of innovation and impact extend well beyond immediate circles — to lives changed for the better and opportunities created for those without. The formal program concluded with a session on bringing subsistence marketplaces into the management curriculum and closing remarks. It was exciting to hear first-hand testimonies from students who took courses to carry out innovation projects in India with subsistence communities — students whose own lives were positively transformed by the experience.

We have many people to thank for making this conference possible. We begin with gratitude to Dean Larry DeBrock (University of Illinois at Urbana-Champaign), Dean Stefanie Lenway (Michigan State University), and Dean Michael Pagano (University of Illinois at Chicago).

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Our hope is that the conference improves the teaching, research, and practice tied to subsistence marketplaces and ultimately empowers

individuals who comprise these communities. The interconnections between livelihoods and the environment that we learned through this conference are stark and constant realities in subsistence marketplaces, but they are also avenues for innovation and sustainable solutions. It was very fitting that we had so many students and young scholars and practitioners in our midst as the challenge of enabling subsistence marketplaces to be sustainable marketplaces — one of the most important in the 21st century — will only be addressed by those with fresh ideas and insights as well as helpful tools and passion.

3. Research Contents

This conference, titled “From Impactful Research to Sustainable Innovation,” built on the momentum from the first two conferences held in 2006 and 2008. The themes of the first and second conferences were *Product and Market Development for Subsistence Marketplaces: Consumption and Entrepreneurship Beyond Literacy and Resource Barriers*, and *Sustainable Consumption and Commerce For a Better World*, respectively. The resulting articles were published as an edited volume (Rosa and Viswanathan, 2007) and a special issue of the *Journal of Business Research* (Viswanathan & Rosa, 2010).

Continuing this tradition, this special section of the *Journal of Business Research* represents another step forward in our understanding of subsistence marketplaces. We hope it is a small contribution toward generating relevant insights from research, which in turn translates into sustainable innovations for these peoples and geographies. We begin by highlighting the articles.

At a micro or individual level, in keeping with the reality that entrepreneurship is one of the few means of income generation in subsistence marketplaces, several articles here investigate issues tied with entrepreneurial activities. Toledo-López, Díaz-Pichardo, Jiménez-Castañeda, and Sánchez-Medina present work on how entrepreneurs in subsistence marketplaces define and achieve success. Focusing on subsistence entrepreneurs in the artisanal industry in Oaxaca, Mexico, the authors create a typology of entrepreneurs based on qualitative and quantitative data. DeBerry-Spence and Elliot study everyday challenges to microentrepreneurship in Ghana, West Africa, focusing on problems affecting daily business operations. They use a qualitative study of arts and crafts microentrepreneurs to highlight these challenges and long-term barriers and how entrepreneurs overcome them.

At a micro or individual level from the consumer side, two articles provide new insights on lower literate consumers, who are prevalent in subsistence marketplaces. Jae and Viswanathan investigate conditions under which the information processing of lower literate consumers is diminished or elevated with respect to product warning statements. They find that congruent pictures without text benefit lower literate consumers, leveraging strengths in pictorial processing and minimizing weaknesses in comprehension and memory. Gau, Jae, and Viswanathan examine ways of studying low literate, low-income individuals in both advanced and emerging economies. The authors review methods, including qualitative approaches such as participant observation, but give special attention to experiments. Furthermore, the scholars explore issues in applying these designs, as well as concomitant administrative difficulties.

At the meso-level of analysis, Waeyenburg and Hens examine international expansion of multinationals from developed countries to BoP markets. Focusing on product innovations, the authors use a case study on Philips Lighting, to discuss how factors such as institutional distance limit transferability and development of capabilities during international expansion.

Moving to a macro level of analysis, several papers examine alliances in subsistence marketplaces. Murphy, Perrot, and Rivera study the use of cross-sectoral alliances between the for-profit and non-profit sectors. The authors evaluate the utility of absorptive capacity theory and propose and argue for a new concept called relational

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