

Sustainable Development Through Inclusive Business: Addressing Three Dimension of SDGs

Manisha Tripathi

Guest Faculty

Dept. of Commerce and

Business Administration

University of Allahabad

Allahabad, Uttar Pradesh, India

Mohammad Faizi

Research Scholar

Dept. of Commerce and

Business Administration

University of Allahabad

Allahabad, Uttar Pradesh, India

Abstract

Inclusive business has become a powerful tool for corporate world to address social issues related to BoPs section while achieving economic objectives and also meeting environmental goals. The intentions for incorporating Inclusive business in corporate mainstream are to accelerate the pace of achieving sustainable development goals (SDGs) i.e. Economic, Social and Environmental goals. Present paper has mentioned about links between Inclusive Business and Sustainable Development and how this links is helpful in achieving SDGs. We have incorporated examples from different field to explain this concept, followed by challenges and recommendation for further improvements. Paper is descriptive in nature while information drawn from various secondary sources to do analysis of this concept from different dimensions. The study shall also provide strong ground for conducting future studies on inclusive business in relation to sustainable development.

Keywords

Inclusive Business, Sustainable Development, Base of Pyramid (BoPs), Sustainability

Introduction

There is now a new opportunity for the corporate world and other bodies to build on the positive development impacts through incorporating the contribution they can make to the achievement of the Sustainable Development Goals (SDGs). One way of doing that is to build on the concept of inclusive business¹. Inclusive business consists of producing affordable goods and services that meets basic need of poor section people, engaging local labour & entrepreneur in supply chain & distribution channel, enabling

accessibility to energy, communication, finance, insurance, education etc., source raw material from small scale producers & ultimately increasing the size of BoP's wallet. On the other hand, Sustainable Development is a way of resource use that aims to meet human needs while preserving the environment so that needs of present generations could be met without compromising the needs of future generations. It means settling the clash between the various competing goals, and involves the simultaneous chasing of economic prosperity, environmental quality and social equity famously known as three dimensions of Sustainability³. Our approach in this paper is to describe how inclusive business can be helpful to achieve sustainable development objectives.

Many businesses are increasingly appreciating the contributions they make to development and their role in moving the world to a more sustainable development path. Business houses want to show that they are responsible and can respond to the global challenges that remain by using their assets, expertise, products, services and influence to help the world's poor.¹ But these businesses cannot afford to wait for governments, grassroots enterprises or civil society to close the contextual gaps; nor can they rely on prevailing business-as-usual practices to automatically overcome or resolve the gaps. Corporate world should come up with novel ideas to accelerate the pace of inclusive business factors that form the basis for the very markets they need for sustaining their growth as pirations².

It is becoming a strategically important to create the markets and supporting institutions businesses need to sustain their economic growth. As the world economy shifts, so too have traditional calculations of value – and with them, emergent areas of growth, partnership and (possibly) peril have appeared².

Objectives

The theme of this study is to identify and analyse the model used or approaches followed to involve poor section people in business main streamline and also to suggest the methods of protecting environment with generating employment opportunity and how to transfer as usual business operation to sustainable business operation. The following objectives are included in the above mentioned main theme.

- (a) To identify the approaches followed in India to achieve sustainable development objectives with inclusive business.
- (b) To suggest inclusive business model for effective achievement of sustainable developments objectives.

- (c) To recommend ideas to be implemented in order to protect the environment while improving social well-being of poor people and achieving sustainable development objectives.

Research Methodology

Present study is a descriptive in nature with information drawn from various secondary sources. The analysis is likely to reveal the different approaches of sustainable development incorporating inclusive business. This study will provide strong ground to future research on the issue of sustainable development and inclusive business. Study is based on Secondary Data & data were gathered from relevant books, journals, internet, treatises, conventions as well as international and local data records.

Relationship Between Inclusive Business and Sustainable Development

Inclusive business is all about producing affordable goods and services that meets basic need of poor section people, engaging local labour & entrepreneur in supply chain & distribution channel, enabling accessibility to energy, communication, finance, insurance, education etc., source raw material from small scale producers & ultimately increasing the size of BoP's wallet. Therefore, a general Inclusive business model could be an effective approach to address companies' social objectives and if we could integrate general inclusive business model into an environmental gamut and that too with profit making purpose than we would be in a position to establish extend model of inclusive business which could be helpful to meet sustainable development objectives.

Companies are developing sustainable practices, i.e., using environmentally and financially resilient methods of conducting business – particularly in relation to the supply chain – and experimenting with inclusive business models that incorporate new customers, suppliers, distributors and partners beyond those “in the core” or represent the highest near-term value. These initiatives constitute the beginnings of a transformational shift in how companies approach their growth opportunities. Companies themselves are becoming ever more aware that social and ecological changes may be putting some supply chains – and ultimately, the long-term sustainability of their own business – at risk².

To innovate through new products and business models that enhance competitiveness while addressing wider contextual gaps requires a company

to consider many changes. These changes include those in managerial mindsets, organizational structures and in the practical aspects of decision making. The specific needs of hereto underserved consumers, the social challenges facing local suppliers, and the limits of infrastructure and education require a sustained commitment to particular markets and openness to partnerships with a host of organizations in the private, public and social sectors. At the same time, traditional consumers and, increasingly, governments, demand ‘ethical consumerism’ and better environmental and social performance from companies.²

The overview provides narrative examples of inclusive business solutions that deliver value to a company whilst contribution to achieving the SDGs.⁵

Area of Inclusive Business	Initiatives under Inclusive Business to achieve sustainable development goals (SDGs).
No poverty	Bank the unbanked through micro-credits and financial services (leveraging local distribution and mobile technology)
	Micro-insurance products to increase resilience of low-income populations
Zero Hunger	Produce and provide access to fortified food and supply of micronutrients
	Develop innovative and more efficient farming technologies to increase productivity and income of smallholder farmers
Good health and well being	Provide access to affordable, high-quality healthcare through decentralized clinics and mobile health workers
	Leverage IT-based solutions to avoid stock-outs of life-saving drugs in rural areas
Quality education	Combine expansion of internet coverage with web-based learning tools
	Set up vocational training programs targeting disadvantaged youth and women
Gender equality	Distribute your products through local, female entrepreneurs, thereby empowering their role in society and economy
	Strengthen access to sexual & reproductive health care products, services and medicine
Clean water and sanitation	Expand water & sewage infrastructure to unserved areas

	Develop low-cost water filtration systems for end-customers or whole villages and informal settlements
Affordable and clean energy	Invest in solar-powered appliances and solar home systems or establish shops powered by solar energy
	Leverage hydropower to electrify remote villages
Decent work and economic growth	Train and employ local communities
	Source materials from small-scale producers, sell and deliver products and services through local retailers and workforce
Sustainable cities and communities	Invest in innovation of building materials and techniques, like earth-based bricks, taking into account local resources
	Provide construction training and access to housing loans for low-income families
Responsible consumption and production	Reduce post-harvest losses through improved value chain management in rural areas
Climate action	Create smallholder insurance based on disaster risk reduction measures
Life below water	Train and cooperate with fisher communities in improved fishing techniques and marine conservation
	Promote sustainable fishing and procure from small fishing communities
Life on land	Restore plantations affected by natural disaster, reviving local agriculture to benefit affected communities
Peace and justice strong institution	Employ former combatants and integrate different ethnic groups in post-conflict settings into the value chain
	Increase employment of small-scale miners and source conflict-free minerals for high-end technologies
Industry, Innovation and Infrastructure	Aims at innovation, resilient infrastructure (key elements for successful BoP ventures) and inclusive industrialization in terms of increased industrial employment as well as promoting growth of small-scale industrial enterprises.

Partnerships for the goals	Highlights the importance of partnerships as means of implementing action geared towards the SDGs. This holds true especially for scaling inclusive business solutions, as we have seen that most barriers cannot be addressed by business or any other stakeholder on its own.
-----------------------------------	---

Examples Related To Inclusive Business and Sustainable Development Relationships

Cisco

Cisco developed a platform that delivers ‘remote intervention teaching.’ The Cisco Enabled Education Development (CEED) E/S 2700 device, known by its alias Dwara (meaning ‘gateway’), allows teachers to connect through a comprehensive, open learning platform with students in the most remote locations. The CEED platform delivers a real-time, virtual teaching experience through the Cisco integrated online network. To provide delivery of reliable, high performance education to remote locations by simulating the teacher or instructor through interactive, video display technology. To create a product that is energy efficient, easy-to-use, affordable and addresses the educational needs of India. The CEED platform provides high quality education to some of the most remote locations in India. CEED is able to link teachers from other parts of the country via the Cisco integrated network, by virtualizing the teacher and instructor. The result reduces the gap between the availability of high quality teachers to students. Creating a cost-effective product: The CEED E/S 2700 device is an all-in-one, affordable system. This is made possible through high quality equipment that is energy efficient and reliant on Cisco cloud technology for memory support. The accessibility of education through the CEED platform improves the education system in rural areas and facilitates a higher quality workforce, generates rural employment and builds a society which is integrated into the globalized world¹.

Nestle

Since 1961, Nestlé has worked through their rural development programme to create a network of small-scale milk producers and suppliers in rural India. Over the last 54 years, Nestlé has become a leader in the Indian dairy sector, working with dairy farmers to improve milk production, quality and meet the growing demands of the domestic and international markets. Retargeting the

programme to focus on empowering village women engaged in dairy farming after acknowledging that women are the primary caretakers of milk producing animals was a key factor contributing to the success of the programme. It ensured a more effective use of training, expanded the network under the Dairy District Model and amplified the scale of the impact. The disparity between the availability of high-quality milk supplies with the rising demand for dairy products was a growing concern. Nestlé's work to directly access rural, small-scale dairy farmers through the Farmer Connect and VWDD programmes have helped meet milk demand through increased milk supply and productivity. Training and education to build farmers' capacity has been a key focus for Nestlé. It involved improving feeding practices, providing breeding and veterinary services, creating a link between improved animal care and treatment with the potential for increased productivity and higher quality yields¹.

Hindustan Unilever Limited (HUL)

HUL instead of leveraging its existing distribution channels, company decided to take a new approach: to empower the people in the villages, especially women, to become HUL product distributors. As such, HUL launched project Shakti in 2001. Project Shakti aims to empower rural women and engage them in HUL's distribution network. Starting with 17 "ammas" (women) in two states selling shampoo and skin cream to friends and families in remote villages, the project has now expanded to more than 165,000 villages across the country. In the past decade, project Shakti has been able to financially empower rural women and create livelihood opportunities for them and their families through providing a regular income stream. As of 2014, there were more than 65,000 Shakti-ammas and 50,000 Shaktimaans selling HUL products to over 4 million low-income households in 15 states across India. Through selling HUL products such as soaps, shampoo and water purifiers, as well as Shakti-ammas' efforts to educate villagers about hygiene issues, project Shakti has also contributed to the improvement of health and sanitation conditions in rural India. For HUL, project Shakti has not only helped the company scale up its distribution network, but also created a dynamic ecosystem that is comprised of the communities, the local entrepreneurs and the company. It not only tackled the "reaching out to BoP" issue, but also created sustained local demand through consumer education and promoting behaviour change via the Shakti entrepreneurs¹.

Challenges in Incorporating Inclusive Business Model

There are extensive barriers when it comes to doing business with people at the base of the pyramid. This is because of the market inefficiencies and high transaction costs that can render businesses unprofitable, particularly in the short run. For instance, customers in remote rural areas are hard to reach as the necessary infrastructure is not available⁴.

1. Shortages of adequate **infrastructure** such as roads, energy, water etc., particularly in rural areas and urban slums⁴.
2. Many goods and services are known as ‘push’ products (e.g. waste management and preventive healthcare). It is necessary to raise awareness about them in order to stimulate demand; new distribution channels must also be created⁴.
3. The lack of **knowledge and skills** among the poor, to act either as clients or as suppliers and employees⁴.
4. **Complex or hostile regulatory or legal environments**, affected by weak institutions and insufficient enforcement of rules and contracts⁴.
5. The opportunity costs of investment for venturing into an unfamiliar and complex market such as the BoP might seem less appealing than business as usual⁵.
6. The ability to scale inclusive business solutions depends on the internal capabilities of a company, and the extent to which these can be adapted or built from scratch⁵.
7. The absence of commitment by the leadership as well as lack of clarity about the relative importance of commercial and social objectives of inclusive business models can cause strategic and operational misalignment⁵.
8. Market information about the purchasing power, consumer needs and behaviour, skills and capacities of suppliers, distributors or retailers is not easily available. This makes it difficult for business to identify opportunities, assess the market size and take well-grounded decisions⁵.
9. The bureaucratic nature of the state and federal governments has been a major hindrance on the implementation of the CEED platform. The lack of inertia by the government has slowed down the programmes adoption in schools across the country; therefore activities are needed to engage the all levels of government to scale the project¹.
10. Building on the existing network and finding innovative ways to allow for data to more fluidly move from one location to another is important to the success of the platform¹.

11. Due to the climate in India, milk perishes at a quicker rate particularly under warmer conditions. Therefore storage and refrigeration are vital to maintain the quality of the product so that it can be sold in either the domestic or international markets¹.
12. The Indian population is continuing to grow and demand continues to grow with it. With many small scale farmers unable to afford the technological upgrades needed to scale up their business or to make it more productive, it will be necessary to further leverage micro financing to assist farmers in the initial stages of the production and to reach greater scalability¹.

Recommendations for Improving Present Inclusive Business Scenario

1. Increased incomes and employment opportunities, increased knowledge and skills, access to markets, improved infrastructure, access to goods and services and premium prices benefiting poor communities¹.
2. Low-income communities are integrated into efficient value chains of companies in a productive way, increasing incomes, improving living conditions and creating a more efficient, resilient and competitive value chain¹.
3. Lower supply costs, increased productivity, improved quality, differentiation opportunities and market expansion through the inclusion of poor people creating long term economic value¹.
4. Pursuing all these activities individually can be expensive and time-consuming; often it is impossible to shoulder them alone. Creating alliances is therefore an important part of creating and scaling up sustainable IB models⁴.
5. IB models include investments in market research, education for the workforce, training of suppliers, building private infrastructure (grids, pipelines), provided those additional investments promise to bring benefits that are tangible and can be internalised for a period time at least⁴.
6. Integrating local communities in the work of awareness creation, education and service delivery helps to reduce costs in the long run and improves outreach to the target group as it increases trust and inclusion in local networks. Integrating the target group in the design and development ('co-creation') of the products and services also helps adapt them more directly to people's needs, thereby increasing demand levels and the willingness to pay⁴.

7. The benefits to the potential BoP business partners must be clearly communicated, including indications, for instance, of what unmet needs will be addressed or how their quality of life will improve. Thus they can see that it is worth their while diverting the limited capital they have available. Effective communications strategies take the local context into consideration, with its specific challenges such as illiteracy⁴.

Concluding Remarks

Inclusive business models provide an optimal congruence of private sector and development policy interests and objectives around the SDG agenda. As stated in a report by IFC, a member of the World Bank Group, and Harvard University, “inclusive business is interesting for companies because it can offer new opportunities for innovation, growth, and competitiveness at the same time as positive social and development impact. It is interesting for bilateral and multilateral donors, foundations, governments, and civil society organizations because it has the potential to drive development impact in self-sustaining, self-multiplying ways that do not require continuous infusions of grant funding. And it is interesting for the poor because it brings greater access, choice, and opportunity in their lives and futures”.⁵ But while implementing Inclusive business model various challenges also come in between which can be resolved through innovation and by employing additional, targeted measures⁵.

References

- Asia, C. (2015, November 17). Reports: CSR - Asia. Retrieved March 12, 2017, from CSR Asia website: http://csr-asia.com/report/Oxfam_CSR_Asia_17.11.15.pdf.
- BHASKAR CHAKRAVORTI, G. M. (2014, September). Downloads: Monitor Institute. Retrieved March 6, 2017, from Monitor Institute Website: http://monitorinstitute.com/downloads/what-we-think/growth-for-good/Growth_for_Good_or_Good_for_Growth.pdf.
- Ravindra Saxena, P. K. (2010). Sustainable development through green marketing: The industry perspective. *The International Journal of Environmental, Cultural, Economic and Social Sustainability*, 6(6), 59-79.

- Ulrike Rösler, D. H. (2013, July). Fach expertise: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. Retrieved March 10, 2017, from GIZ website: <https://www.giz.de/fachexpertise/downloads/giz2014-ib-models-rz.pdf>.
- World Business Council for Sustainable Development. (2016, February). Content WBC: WBCSD. Retrieved March 1, 2017, from WBCSD website: <http://www.wbcsd.org/contentwbc/download/2585/31560>.