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**HYBRID PARTNERSHIPS AND SOCIAL
TECHNOLOGY AT THE BOP: A CASE STUDY**

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LIST OF SYMBOLS, ABBREVIATIONS AND ACRONYMS:

- BoP:** Base/Bottom of the Pyramid
- CSR:** Corporate Social Responsibility
- IDB:** Inter-American Development Bank
- MEP:** Moderate and Extreme poor
- MIF:** Multilateral Investment Fund
- MNCs:** Multinationals
- NGOs:** Non-Governmental Organizations
- ROE:** Return on Equity
- SVA:** Shared Value Area

ABSTRACT:

Stakeholder expectations have recently led many corporations to engage in initiatives aiming at social development and poverty eradication. However, in spite of the many attempts, compelling results have yet to be produced, leaving the gap between the individuals living at the base of the economic pyramid and those belonging to the higher tiers almost untouched. Some scholars have consequently criticized the lack of contextualization of existing managerial practices pointing their finger to the strong influence of western ideologies, which prevent social initiatives from adapting to the needs of different geopolitical contexts.

Through the analysis of a set of Coca-Cola Brazil's social initiatives (i.e. "Coletivo Projects") implemented in various Brazilian communities, the present study shows how Coca-Cola Brazil has attempted to produce, in collaboration with local NGOs, an universal kind of "social technology", which could be easily adapted to different contexts, accelerating the implementation process of social initiatives and increasing their impact.

RESUMO:

A crescente expectativa dos vários *stakeholders*, bem como as diferentes partes interessadas nas áreas de atuação de várias empresas, recentemente tem levado diversas corporações a se envolverem em iniciativas que visam o desenvolvimento social e a erradicação da pobreza. Porém, apesar das inúmeras tentativas, resultados convincentes ainda não foram produzidos, mantendo a separação entre os indivíduos que vivem na base da pirâmide econômica e aqueles pertencentes às camadas mais elevadas quase inalterada. Consequentemente alguns estudiosos criticaram a falta de contextualização das práticas de gestão existentes, atribuindo o mesmo à forte influência das ideologias ocidentais, que impedem que as iniciativas sociais se adaptem às necessidades dos diferentes contextos geopolíticos.

Por meio da análise de um conjunto de iniciativas sociais da Coca-Cola Brasil ("Projetos Coletivo") implementadas em várias comunidades brasileiras, o presente estudo mostra como Coca-Cola Brasil tentou produzir, em colaboração com os ONG locais, um tipo de "tecnologia social" universal, que poderia ser facilmente adaptada a diferentes contextos, acelerando o processo de implementação das iniciativas sociais e ampliando o seu impacto.

1. INTRODUCTION AND RESEARCH QUESTIONS

"There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."

Milton Friedman, 1962

More than fifty years have gone by since this famous claim was made and the evolution of businesses practices seems to have proven it wrong. Since then, many corporations have in fact started to embrace social practices in their daily operations and, nowadays, it is very uncommon to find companies with a complete disregard of socially responsible practices (Banerjee, 2008).

Corporate social responsibility itself has experienced an evolution in its role and focus, from not causing any harm to society to actually fostering the financial and social development of society as a whole (Prahalad and Hart, 2002), alongside NGOs and Governments (Banerjee, 2008; Hahn, 2009; Levy and Kaplan, 2007).

In particular, the issue of poverty alleviation has increasingly attracted the attention of scholars (Arora and Romijn, 2011; Munir et al., 2010; Prahalad and Hart, 2002), which called for the intervention of multinational corporations in helping the communities living at the base of the economic pyramid (BoP). Even the so criticized financial institutions joined the battle against poverty, as consequence of the spread of microfinance initiatives (Yunus, 2003). However, in spite of the many attempts to free the world from poverty, significant results have yet to be produced.

One of the criticism received by the corporations concerns the social strategies and managerial practices utilized, which are wrongly considered to be suitable to any given geopolitical context (Clegg, 2014). Those strategies are accused of being biased, due to the heavy influence of western ideologies on their development process (Cooke and Faria, 2013), which prevent social initiatives from fully addressing the needs of different communities, hence causing failures in their pursuit of social development.

In this regard, the present work aims at providing an analysis on the possibility of generating general social guidelines, which could be applied to different contexts, through the formation of partnerships with local institutions and through an involvement of the local communities in the development process. To do so, an analysis of a set of Coca-Cola Brazil's social initiatives

(known as “Coletivo Projects”) implemented in various Brazilian communities is conducted, with special emphasis on the development of managerial practices and relationship with local partners. The reason behind the choice of taking the Coletivo Projects as object of analysis is their already large presence in many different communities, which allows a deeper understanding of the corresponding process and mechanisms.

The key research questions, which will guide the study of the Coletivo Projects, are the following:

- To what extent are local institutions and communities involved in the implementation and management of the Coletivo Projects and how do they influence their adaptation to different contexts?
- How do partnerships help Coca-Cola in building social knowledge, which could be applied to diverse geopolitical contexts as universal knowledge?

After an overview of the existing literature regarding corporate social responsibility, a detailed analysis on the evolution of corporate strategies at the base of the pyramid will be presented, alongside their main critics. The study will then continue with a critical review of the theories connected to the concepts of managerialism and partnership formation, which will then be followed by a general description of the evolution and structure of the Coletivo Projects. The study will end with the presentation and analysis of the managerial aspects of Coca-Cola Brazil and the related conclusions.

2. LITERATURE REVIEW

2.1. Corporate Social Responsibility

2.1.1. CSR from a historical perspective

Although corporate social responsibility (CSR) is a relatively new term, its roots can be traced even back to the 19th century (Banerjee, 2008). The exact period in which MNCs have begun to care about players other than shareholders has however been subject of different opinions. While Porter and Kramer (,2011) argue that after World War II socially responsible initiatives were mainly sought by Governments and NGOs and corporations focused primarily on their business in developed markets, other scholars believe instead that western MNCs began to engage in CSR activities during the Cold War, as a mean of confrontation to the opposing political ideologies (Spector, 2008).

Nevertheless, it was only in the '80s that the new perspective of seeing MNCs as possible actors in the fight against poverty and other social and environmental issues began to spread, giving birth to the term Corporate Social Responsibility as we know it today (Bonsu and Palsa, 2011; Levy and Kaplan, 2007).

The reasons why MNCs began to be expected to be socially responsible were their increased dimensions and power (Munir et al., 2010; Newell and Frynas, 2007), which brought MNCs to the same level of governments, with regards to responsibilities towards development and sustainability (Banerjee, 2008; Hahn, 2009; Levy and Kaplan, 2007).

Nowadays, what drives many MNCs to engage in CSR activities is the external pressure, which interest groups and stakeholders' expectation place on them (Burchell and Cook, 2012; Porter and Kramer, 2011; Selsky and Parker, 2005; Scherer and Palazzo, 2011). Of course, large MNCs alone are not able to solve all the social problems affecting the developed and developing economies, but their efforts and participation are considered essential to achieve important results (Prahalad and Hammond, 2002).

The main ideas behind the concept of CSR are the principles of "doing well by doing good" and the "triple bottom line" way of doing business, which brings financial, social and environmental objectives on the same level (Davidson, 2009; Singh et al., 2014; Spector, 2008). On the same line of reasoning, external stakeholders are given the same importance as shareholders, underlining the triple nature of the MNCs objectives (Davidson, 2009). Indeed, CSR initiatives by MNCs exceed the corporation's legal requirements (Banerjee, 2008) and address a vast range of social problems, from environmental issues to defense of human

rights, including poverty alleviation (Munir et al., 2010), taking on a very similar role as the one of governments (Scherer and Palazzo, 2011). Nevertheless, although CSR activities may be publicized as voluntary, profitability still remains an important factor in the approval or rejection of projects (Munir et al., 2010).

As a consequence, even though CSR and strategy departments have usually been kept separated, in recent times their division has blurred, leading to the creation of the term “strategic CSR” (Munir et al., 2010), which focuses on determining whether it pays off for MNCs to engage in CSR projects both in financial and competitive advantage terms.

2.1.2. CSR critics

Since its introduction to corporate world, the concept of CSR has not been spared from heavy criticism.

According to Davidson (2009), “the right thing to do” is what MNCs should do in order to act in a socially responsible manner. However, a clear definition of “doing good” has not yet been presented and appears to be highly subjective (Spector, 2008), sometimes resulting in disagreements between MNCs and the public opinion. An example of this is the marketing by Unilever of a skin-whitening cream (Fair & Lovely) in 40 Asian and African countries, which first happened a few years ago. Although the corporation thought that the initiative had a positive impact on poor women by giving them the possibility of feeling empowered, it went under heavy criticism by several NGOs and governmental institutions, which accused the MNC of promoting racism (Karmani, 2009).

This example shows why MNCs should be careful in defining what is good and what is not, by analyzing all the possible scenarios and finding a good balance between stakeholders’ interests and theirs, in order not to incur the risk of being accused of exploitation or addressed as a charity organization (Davidson, 2009).

Furthermore, a common thought about the main reason why MNCs engage in CSR activities brings the majority of those corporations under a bad light of criticism. In fact, they are often accused of engaging into CSR activities just to improve their brand image and not because they are actually driven by the idea of doing good to society (Levy and Kaplan, 2007). One should then be careful not to confuse CSR activities used as “business tools” with the ones used as “development tools” (Newell and Frynas, 2007); while the latter refers to CSR with the real objective of doing good to society, the former describes CSR mainly as a mean to influence governments and the public opinion.

In addition, in contrast to the scholars, who see MNCs as the only players having the necessary resources and capabilities to conduct effective CSR practices (Levy and Kaplan, 2007), some critics believe that MNCs will never be able to do so, as only small and local companies have the capacity to fully adapt their strategies to the needs of the local communities (Simanis and Hart, 2008). Adaptation to different needs is in fact essential for a successful CSR, which otherwise will do no good to the community.

Indeed, the primary objective of MNCs is to make shareholders satisfied, which often goes against the interests of society as a whole (Karnani, 2010). Hence, the only way for corporations to effectively use CSR is to align their profitability to the social interests of the public; otherwise the results of CSR initiatives will most likely be irrelevant (Karnani, 2010). This theory has been further analyzed in the *Strategic CSR Approach*, which suggests that MNCs will be more effective when fighting social problems directly related to their business, instead of general ones (Perez-Aleman and Sandilands, 2008).

Finally, more studies are needed to empirically assess the effect of CSR practices, given that, as for now, there is a lack of evidence regarding financial and social benefits deriving from CSR activities (Levy and Kaplan, 2007). On the contrary, MNCs are even accused of engaging in CSR activities to somehow guide social change and influence governments to the advantage of their own business (Levy and Kaplan, 2007; Scherer and Palazzo, 2011).

2.2. The Base Of The Pyramid:

2.2.1. BoP Introduction:

Consequently to the argument of the existence of a “fortune at the bottom of the pyramid (BoP)” (later changed to base of the pyramid for parity reasons) for MNCs, elaborated by Prahalad and Hart (2002), the focus of CSR initiatives has shifted more and more towards the alleviation of poverty at the lowest level of the economic pyramid. As a result, different and sometimes contrasting opinions regarding how to eradicate poverty arose. Before going into details regarding how strategies to fight world’s poverty have evolved, it is worth defining what it is meant when reference is made to BoP markets and poverty in general.

2.2.2. Poverty and Social Capital:

One could argue that a real definition of poverty, fit to any situation, cannot be found, as poverty itself has a different meaning depending on the context in which it is discussed. As a consequence, many different definitions and opinions regarding poverty exist. Nevertheless, there is one thing on which there seems to be common agreement: poverty is a result of both economic and social disadvantages (London, 2007; Nahapiet and Ghoshal, 1998; Newell and Frynas, 2007; Woolcock and Narayan, 2000).

Although many scholars mainly make use of a financial rationale behind the definition of poverty (Arnold and Valentin, 2013; Karnani, 2009; Munir et al., 2010; Prahalad, 2006), others focus more on other factors affecting the life of the individuals considered as poor (Ansari et al., 2012; Karnani, 2007; Sen, 1999).

Since wellbeing is often characterized as the individual and collective capabilities of human beings to do or be what they value the most (Sen, 1999), poverty could be defined as the lack of them. From a broader point of view, individual and collective capabilities can be seen as part of the social capital of a given community (Ansari et al., 2012). Social capital is in fact often defined as the set of networks, relationships, capabilities and shared features characterizing a community (Bolino et al., 2002; Ansari et al., 2012).

Social capital however should not be seen as rigid, given that the environment in which individuals live constantly influences it; governments, non-governmental organizations (NGOs) and multinational corporations (MNCs) with a constant presence in those environments have then the power of either enhancing or weakening life quality of individuals, both socially and financially (Arnold and Valentin, 2013; Perez-Aleman and Sandilands, 2008).

2.2.3. BoP Market:

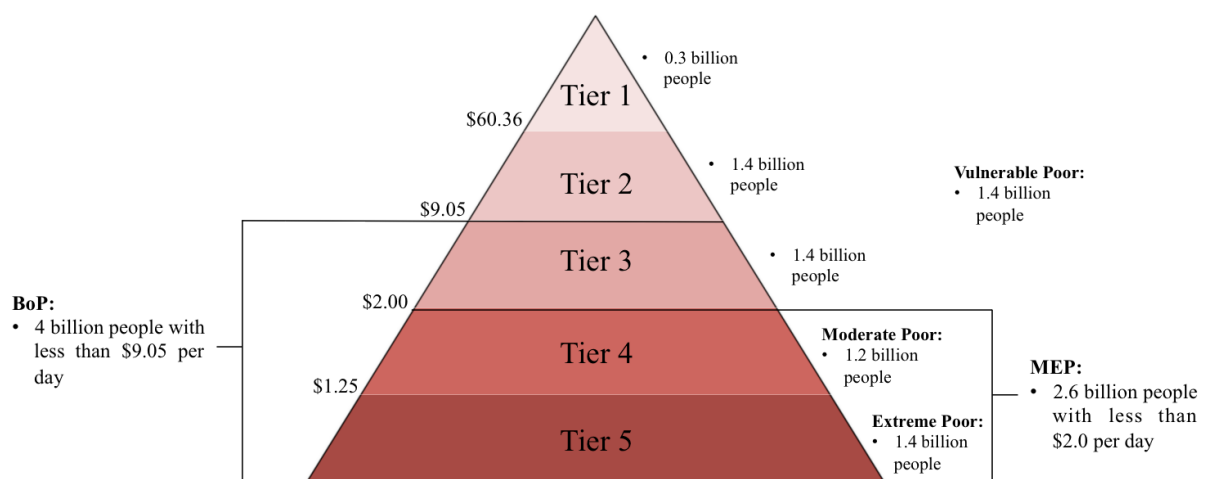
According to Prahalad (2004) the BoP market represents a great potential for MNCs given the number of people belonging to it and their consequent huge purchasing capacity.

As **Figure 1** shows, if the income of individuals at the base of the pyramid is taken into consideration, the poor representing the BoP could be divided into three tiers, with incomes ranging between less than \$1.25 and \$9.05 per day in purchasing power parity (PPP) (Arnold and Valentin, 2013). At the very base of the pyramid there are the moderate and extreme poor (MEP), living with less than \$2.00 and \$1.25 PPP per day respectively, which are to be

considered as the most vulnerable individuals; the “higher” BoP tier lives instead with between \$2.00 and \$9.00 PPP per day (Arnold and Valentin, 2013). If taken together the MEP are 2.6 billion, while the whole BoP consists of 4 billion people (Arnold and Valentin, 2013; The World Bank, 2015). The presence of this difference in income at BoP level has created some disagreement with regards to the evaluation of the market size of the poor. Prahalad (2006) estimates the BoP market to exceed \$13 trillion purchasing capacity in PPP value, an estimation also shared by other scholars (Vachani & Smith, 2008). However, other estimates turn the BoP market into a much smaller “fortune”, with a PPP market value of \$1.42 trillion (Karnani, 2009; The World Bank, 2015).

Notwithstanding the inconsistency in the estimations, it is important to understand that the line between the MEP and the rest of the BoP should not be considered a defined separation, as the three tiers share common traits and needs (Arnold and Valentin, 2013). Understanding this is critical for MNCs if they want to have a real impact through their ventures. In fact, without a clear comprehension of this particular structure, MNCs may end up causing the opposite effect of what they were hoping for, further penalizing the targeted poor communities (Ansari et al., 2012; Karnani, 2007).

Figure 1. *The World Economic Pyramid*



Note. From “Corporate social responsibility at the base of the pyramid” by Arnold, D., & Valentin, A. (2013), *Journal of Business Research*, p. 1906.

Although potential profits remains the main criteria used by MNCs when evaluating expansion to new markets (Munir et al., 2010), BoP markets present other peculiarities, which make them attractive in terms of innovation and experimentation, making it possible for the

MNCs willing to invest to gain important competitive advantages (Munir et al., 2010; Prahalad and Hart, 2002). MNCs truly appear to be in the best position to connect and gather all the actors needed to ensure a development of the poor communities and the BoP markets represent a great opportunities for MNCs to experiment and create new technologies, which could be in turn transferred to the more developed markets (Prahalad and Hart, 2002).

Nevertheless, in order to take advantage of those opportunities, the MNCs will have to adapt and evolve their business models (Prahalad and Hart, 2002).

BoP markets are in fact characterized by many failures and inefficiencies, which represent at the same time challenges and opportunities for MNCs (London, 2007). Indeed, BoP members operate in informal markets, which are very different from the formal market economies we are used to (Arnold and Valentin, 2013; London, 2007). This difference is caused by a separation between poor consumers and producers of economic, geographical, temporal and informational nature (Singh et al., 2014) and a presence of strong social bounds within the members of the community (Ansari et al., 2012; Arora and Romijn, 2011).

2.3. Multinationals and the BoP

With many of the world's top 200 MNCs being based in developing countries, it is not hard to see why the expectation of the MNCs taking an important role in helping the poor has rapidly spread (Prahalad and Hart, 2002).

The reason why private companies are considered to have higher positive impacts on BoP communities is that many governmental and NGO-based ventures have been criticized for having turned themselves into charity programs rather than development initiatives (Munir et al., 2010) and because, due to globalization, MNCs have sometime gained much more power and resources than governments in enforcing rights, spreading knowledge and creating social impact (Munir et al., 2010). In fact, MNCs have become so powerful to be able to influence governments' actions and this amount of power gives them an obligation towards the attainment of a better and fairer world (Hahn, 2009).

As for CSR, the concept of "doing well by doing good" is the main idea behind BoP ventures carried out by multinational corporations, aiming at alleviating poverty and fostering the development of poor communities through "win-win" solutions (Arora and Romijn, 2011; Munir et al., 2010). Benefits to the poor may consist in either an enhancement in utilities or an increase in the number of human rights enjoyed (Arnold and Valentin, 2013). However, MNCs should focus on the specific needs of BoP individuals when aiming at increasing the

utility level, as in some cases enhanced general utility does not result to be beneficial to the poor (Arnold and Valentin, 2013). The double and contrasting objective of poverty alleviation and business profitability poses in fact new challenges to the strategy departments of corporations (Varman et al., 2012). While targeting BoP communities, MNCs must be careful not to be perceived as exploiters by other stakeholders (Davidson, 2009), since the socio-economic position of BoP communities makes their members more exposed and vulnerable to marketing exploitation (Karnani, 2007b). This is a serious challenge for managers, since engaging with the BoP further enlarges the number and complexity of their stakeholders (Davidson, 2009).

2.3.1. BoP 1.0:

Misconceptions regarding BoP markets range from the poor having no money to spend, to the products sold to poor communities being very cheap, to poor individuals being unable to take advantage of new technologies (Prahalad and Hammond, 2002); for all these reasons, MNCs have traditionally avoided targeting individuals and the base of the pyramid (Hammond and Prahalad, 2004).

The first wave of BoP initiatives by MNCs (later renamed “BoP 1.0”) went against those assumptions, in line with the theories elaborated by Prahalad and Hart (2002). Indeed, the main idea was to help the poor by selling them products and providing services that were not yet available in BoP communities (Prahalad, 2004). In order for products to be sold to poor individuals, they had to be modified to make them affordable and appropriate to the local needs. This was done by slightly modifying the already existing products, exploiting new technologies and lowering prices through an adjustment of quality and packaging (McKague et al., 2015). An example of BoP 1.0 venture is the sale by Unilever of single-serve packages of detergent to poor communities in Mexico, which brought to the poor a product that they would have otherwise not been able to afford and allowed the company to quickly penetrate the market (Davidson, 2009). According to Prahalad and Hammond (2002) the untapped BoP markets presented in fact huge and fast growth opportunities for MNCs. However, in spite of the initial enthusiasm about the possibilities offered by BoP ventures, BoP 1.0 initiatives have attracted large criticism from scholars and the public.

2.3.2. BoP 1.0 Critics:

Many critics argue that simply selling to the poor will not lead to any significant improvement

of their standards of living (Arora and Romijn, 2011; Karnani, 2006; McKague et al., 2015). On the contrary, the model embraced by BoP 1.0 initiatives to increase the offer of available products is inappropriate for the goal of poverty alleviation and, even if it produced any sort of benefits to BoP communities, those effects would only be short-term oriented (Simanis and Hart, 2009).

Not only the results on poor individuals are considered insignificant, but also the MNCs are believed not to have much to gain by only adapting their products to the needs of the poor. In order for BoP markets to be profitable to MNCs, a very high number of transactions need to be reached, as most of them consist of only small amounts of money (Karnani, 2006). The issue is that the BoP markets themselves are much smaller than expected (Karnani, 2009), further increasing the already high costs, which MNCs would face, given the complex structure of those markets (Karnani, 2006). Pricing, advertising, sales promotions and marketing, which already pose difficult decisions in developed markets, become even trickier and costlier when ethical concerns are brought to the table (Davidson, 2009).

BoP 1.0 ventures appear then to be an excuse for MNCs to only expand their market base, instead of giving an actual help to the poor communities' members (Calton et al., 2013). Indeed, development of poor communities should be measured according to three main dimensions: financial condition, capabilities and social relationships (London, 2009) and BoP 1.0 initiatives seem to be unable to improve any of these dimensions, as shareholders still have a privileged position with respect to the other stakeholders (Davidson, 2009; Munir et al., 2010) in contrast to the praised win-win solution.

Some critics even argue that BoP 1.0 strategies are actually detrimental to the vulnerable individuals of poor communities, given their lack of education and experience, which does not help them take good decision when facing marketing from MNCs (Davidson, 2009). In fact, the availability of new products, which do not fulfill the essential and basic needs of the poor, represent an unnecessary distraction, which will eventually make the poor worse off (Ansari et al., 2012; Davidson, 2009; Munir et al., 2010; Sen, 1999). In addition, products sold to BoP communities are usually produced in other countries, making the targeted countries even worse off, as local production faces new competition (Davidson, 2009).

Finally, two fundamental aspects of poverty reduction disregarded by BoP 1.0 strategies are the increase of disposable income and social empowerment (Karnani, 2006), which have become two of the foundations behind the development of BoP 2.0 strategies.

2.3.3. *BoP 2.0:*

The second wave of literature regarding BoP strategies (i.e. BoP 2.0) marked an evolution from the initial top-down idea of BoP 1.0 to a bottom-up model, which aims at helping the poor through a process of co-creation (Arora and Romijn, 2011; Bonsu, 2011; Karnani, 2006; Simanis and Hart, 2008). Rather than finding fortune “*at*” the base of the pyramid, the BoP 2.0 model aims at creating fortune “*with*” the BoP (Calton et al., 2013; Simanis and Hart, 2008). In the BoP 2.0 model, the poor are not seen merely as consumers but rather as an essential part of the production process (Arora and Romijn, 2011; Munir et al., 2010). Poor individuals are included in any of the steps of the value chain, from inputs providers, to producers, to distributors; it is through this new production process that the local economic potential is promoted (Hahn, 2009; McKague et al., 2015). BoP individuals are also provided with credit, with the aim of allowing them to follow their entrepreneurial spirit and create their own business (Yunus, 2003).

Providing jobs to poor individuals not only will help them improve their financial position but will also allow them to enhance their individual and community well-being, through the development of new skills and resulting empowerment (McKague et al., 2015); indeed, while BoP 1.0 addresses the poor’s lack of choice, BoP 2.0 focuses on their lack of capabilities (Arnold and Valentin, 2013).

This does not mean that MNCs will desist from offering new products to poor communities. However, increased utility and consumption is now seen as a result of BoP strategies to alleviate poverty, not as a mean (McKague et al., 2015). MNCs’ offers will be actually much more suitable to the needs of poor individuals, as communication and cooperation between them will be constant (Munir et al., 2010). Poor producers can in fact provide important inputs to MNCs, which often need high quality and low cost inputs to run profitable projects in BoP communities. This will in turn help enterprises design a more effective and focused strategy and business model to foster local development (McKague et al., 2015). In line with BoP 1.0, in spite of the new enthusiasm surrounding the pursuit of poverty alleviation, BoP 2.0 strategies also attracted criticism.

2.3.4. *BoP 2.0 Critics:*

In recent times, the so cherished increase in income for members of poor communities has experienced some criticism, especially when seen as the one and only way to alleviate poverty

and foster development among BoP communities (Ansari et al., 2012; Arora and Romijn, 2011).

Although an increase in income could benefit the poor, MNCs should not fall in the trap of underestimating the delicate position of poor individuals, characterized by different economic and social needs if compared to members of developed communities (Arora and Romijn, 2011; Karnani, 2009). The common assumption that poor individuals behave as rational economic actors masks the reality and undermines their already disadvantaged position. This misconception leads governments to overlook their role of protectors of the poor, leaving them at the mercy of market exploitation by MNCs (Davidson, 2009; Karnani, 2009).

The reality is that individuals at the BoP make poor economic decision more often than their wealthier counterparts, not always acting in their best interests: an example is the consumption of tobacco and alcohol, much higher among BoP members than wealthy individuals (Davidson, 2009; Karnani, 2009). Furthermore, the consequences of taking bad decisions are much worse for the poor, who do not have the ability and resources to compensate for their mistakes (Karnani, 2009).

Even though BoP 2.0 also aims at fostering the empowerment of local individuals, according to critics, the social side of poverty is not fully addressed albeit its importance (Reficco and Márquez, 2009). MNCs often lack the capacity, the means and the knowledge to correctly assess the results of their BoP ventures (London, 2009). One of the reasons is the hard task of measuring the level of development and empowerment deriving from BoP ventures, which makes MNCs more focused on financial results and other more direct dimensions, as concrete results are needed for the approval and a long-term commitment to the projects (Munir et al., 2010).

BoP strategies are also accused of underestimating the effects the projects have on the environment and long-term sustainability, given that the encouraged production processes are highly environmental deteriorating (Munir et al., 2010). In order for BoP strategies to be feasible, effective and sustainable in the short and long run, they require a holistic model, including both “intragenerational” and “intergenerational” justice; actual development should not harm the well being of future generations and at the same time it should promote an equal development of the current generations (Hahn, 2009; Munir et al., 2010).

2.3.5. BoP Final Remarks:

MNCs’ initiatives at the base of the pyramid have in general experienced criticism regardless

of whether a BoP 1.0 or BoP 2.0 model was adopted. Given that a win-win solution can only be attained when MNCs BoP ventures are affordable, profitable and empower the poor individuals (Arnold and Valentin, 2013), as of today there is no evidence or support for their success (Arora and Romijn, 2011).

Many projects aiming at the development of BoP communities are accused of underestimating the importance that social capital has within them and, most importantly, the critical role it has in helping those poor communities both in the short and long term (Ansari et al., 2012; Moser, 1996; Narayan, 1995). Indeed, not only does social capital represent an important resource for the survival of BoP communities, but it could also be employed by MNCs to amplify the effects of their ventures over time (Ansari et al., 2012).

Multinationals also lack a true understanding of three critical aspects characterizing markets at BoP:

- Heterogeneity within the communities
- The difference in power relations between the members of the communities and the people in charge of the BoP projects
- And the external political and economic environment characterizing the communities (Arora and Romijn, 2011)

MNCs should focus on learning how those aspects affect the way BoP communities work, in order to facilitate the success of the projects and the achievement of their final result, through the transfer of knowledge and capabilities among community members (Ansari et al., 2012).

2.4. THREATS TO SOCIAL CAPITAL

Although BoP ventures were first considering the double goal of being profitable while helping the poor, in many cases the first has eventually taken over in importance (London, 2007), in the worst cases even leading BoP initiatives to actually modify the structures of poor communities for the worse, through processes of financialization and promotion of neoliberalism and modern colonialism.

2.4.1. Financialization:

The advent of BoP strategies by MNCs has been subject of criticism with regards to new indebtedness brought to the poor. Ventures aiming at alleviating poverty have in fact been

accused of creating a sort of “detrimental financialization” affecting negatively the poor communities (Karim, 2008), which have eventually found themselves enmeshed in detrimental relationships with financial institutions (Palomera, 2014).

One example is the so praised concept of microfinance, which, according to its guru and 2006 Nobel Peace Prize winner Muhammad Yunus, was the answer to finally eradicate the world’s poverty through the lending of small amounts of money to poor entrepreneurs (Yunus, 2003). However, with the exception of few and isolated successful cases, microfinance has caused the opposite effect, bringing members of targeted communities into a spiral of indebtedness (Federici, 2014; Karnani, 2007).

Although some scholars believe that those loans are beneficial to the poor, given that they present a cheaper alternative to local usurers or no credit at all (Prahalad and Hammond, 2002), the high interest rates charged, due to the laborious processes required to lend out microloans, have turned out to be unbearable (Federici, 2014). In fact, the return on equity (ROE) of financial institutions undertaking microfinance activities, is usually higher than the ROE of the ones who do not (Davidson, 2009). BoP communities are sometimes even subjected to what is defined as “predatory lending”, through the use of complex credit regulations, which cannot be fully understood by BoP individuals (Palomera, 2014). As a matter of fact, most of the time members of BoP communities do not have the necessary knowledge nor credit experience to fully understand how loans work, focusing more on the actual monthly amount to be paid instead of the actual price (the interest) they will have to pay (Karnani, 2006). The same reasoning is also valid when products are sold with payment through periodic installments, which somewhat hide the real amount to be paid (Hammond and Prahalad, 2004).

A relevant fallacy of BoP strategies supporting microcredit is the belief that most of the members of poor communities have an entrepreneurial spirit or the assumption that providing them with credits will increase the affordability of a certain product (Karnani, 2006). The concept of “saving” is for the most part unknown, as the poor usually spend most of their low income on daily needs, making it indeed difficult for them to plan for future repayments (Karnani, 2006).

Nevertheless, the most detrimental aspect of financialization at the base of the pyramid is the transformation caused to the social relationship of local communities (Clegg et al., 2013; Federici, 2014). Indeed, when debt is introduced in poor communities, the social capital becomes entangled with the financial logic; the sense of solidarity and reliability usually characterizing members’ relationships is modified and the concept of reciprocity fades, as the

focus shifts to the repayment of personal debts (Palomera, 2014). This has in turn caused a division and a destruction of important social networks characterizing the communities, as the members who could not repay the loans were marginalized and placed under a high reputational pressure by the community (Davidson, 2009; Federici, 2014; Palomera, 2014).

2.4.2. Neoliberalism:

Alongside financialization, the neoliberal ideology promoted by multinationals initiatives has also been seen as a threat to the social relationships characterizing the base of the pyramid (Ansari et al., 2012). Although the deregulation of markets is believed to have a positive impact on BoP communities, which will eventually lead to economic growth and reduction of poverty (Arora and Romijn, 2011), the individualistic mentality it carries is actually disrupting the existing “intra-group bonding” social capital, so important for the long-term prosperity and development of the communities (Ansari et al., 2012). Furthermore, the neoliberal ideology undermines the sense of solidarity of poor individuals, hindering the process of sharing and hence creating a division within BoP communities, which did not exist before (Ansari et al., 2012).

Another aspect promoted by neoliberalism is the reduced, although not inexistent, role of the government (Harvey, 2007). Neoliberal ideologies assert that the opposing goals of BoP strategies can be reached through private initiatives and entrepreneurship (Varman et al., 2012), with lower participation by the government, which should only focus on providing support on general services (Bonsu and Polska, 2011). Indeed, under neoliberalism, governments of poor countries have reduced their role and importance in regulating markets, placing further unneeded burdens on the shoulders of the poor communities (Arora and Romijn, 2011).

Nevertheless, some scholars, in contrast with this idea, argue that the only way for MNCs to provide real effects through CSR activities at the base of the pyramid is promoting state-led development initiatives (Arora and Romijn, 2011), as the role of governments is critical for poor communities’ development (Karnani, 2006).

2.4.3. Modern Colonialism:

A final critic of the presence of MNCs in developing markets concerns their imposition of inappropriate business practices.

As Prahalad has praised (2002), MNCs are seen as the players with the highest potential in alleviating the world from poverty and other social issues, making the globalization process essential for a better world. In accordance with this view, BoP markets are often described as non-westernized, calling for the intervention and help by western world's MNCs (London, 2007). However, many scholars have defined this massive intervention of multinational corporations in developing countries as a sort of "modern colonialism", where MNCs play the role of the old colonialists, trying to modify the local communities through the presumption of knowing what is best for their members (Bonsu and Polsa, 2011; Levy and Kaplan, 2007; Munir et al., 2010).

Indeed, it could be argued that the pursuit of development of poor communities is based on a sort of "hierarchy", with the developed world at the top of the underdeveloped economies (Cooke and Faria, 2013). A consequence of this hierarchy is the common assumption that the lack of western capitalist business models is exactly what is preventing BoP communities from developing, with complete disregards for the local need of specific and innovative business models (London, 2007), a misconception mostly due to the lack of communication and interaction between MNCs and the local communities (Bonsu and Polsa, 2011).

However, without a clear understanding of the targeted communities, MNCs run the risk of imposing a westernization of the local culture not suitable to the conditions of the local markets (Gordon, 2008). Development of BoP communities should instead be founded on local needs and adapted to the different contexts, without necessarily imitate the structures applied in the western world (Cooke and Faria, 2013).

Indeed, although management theories are regarded as generic and universal, the very different context of BoP markets from the more developed world calls for an adaptation and contextualization of managerial practices.

2.5. Managerialism:

Managerialism is defined by Locke and Spender (2011) as the process through which the decision making power of an organization is taken from its owners and employees and given to an external group of people (i.e. the managers), whose educational background and knowledge justifies this appropriation of powers (Clegg, 2014). Nevertheless, one could argue

that this “knowledge” is somewhat biased, since managerial thoughts and theories have mainly been developed in the so-called “western world” (Cooke and Faria, 2013; Jack et al., 2012). Indeed, management has historically been influenced and shaped by western ideologies, as non-western views are barely present in the evolution of managerial theories (Cooke and Faria, 2013; Seremani and Clegg, 2015).

This westernization of managerial principles could be seen in part as a consequence of colonialism, which has in the past imposed theories and processes in the territories colonized, eclipsing the existing local knowledge and practices and hindering the development of new ones (Jack et al., 2012; Seremani and Clegg, 2015). As a matter of fact, it can be argued that colonialism is still present today in a cognitive way, given that the highest rated business schools and the most esteemed managerial experts all come from the western world (Seremani and Clegg, 2015).

Another aspect characterizing the development of managerial theories is their supposed universality: business schools have in fact become a sort of standardized “knowledge factories”, whose teachings are assumed to be valid in any given context (Clegg et al., 2013). The removal of concrete realities from managerial training has caused the belief that conceptual frameworks could be applied unconditionally to any organization, with no regards to its nature or geographical location (Clegg, 2014). Indeed, current managerial theories lack contextualization to diverse geopolitical realities, resulting in the production of general knowledge, not tied to specific conditions (Jack et al., 2012). Management however is not an exact science and as such, its procedures cannot be applied to different contexts with the expectation of producing similar results (Clegg, 2014).

Especially nowadays, with the development of emerging countries and the rise of new economic powers, the adaptation and evolution of management theories is inevitable (Cooke and Faria, 2013; Jack et al., 2012). Numerous scholars call for a formation of hybrid systems, which will combine theories from the western and non-western worlds with regards to both general and specific contexts (Jack et al., 2012; Seremani and Clegg, 2015). These overlaps and combinations of different theories are referred to as “third spaces”, and should be seen as constant changing environments, in which “*tensions may exist*” and contrasting “*world views negotiated and renegotiated over time*” (Seremani and Clegg, 2015). The formation of third spaces should then free outer world’s theories from their constraints and, as a result, achieve an evolution of western managerial theories and perspectives, characterized by the union of different epistemological worlds (Seremani and Clegg, 2015).

This does not mean that universal theories will cease to exist; rather, their development will be the outcome of a bottom-up approach, as multiples context-specific theories will be the at their base (Jack et al., 2012).

Nowadays, partnerships with institutions of different nature is what MNCs use to adapt their managerial practices and create “third spaces”.

2.6. The Function Of Partnerships In Markets At The BoP:

MNCs, NGOs and governments in the past have suffered from a sort of imposed separation of roles, according to which MNCs should have only served developed markets, while NGOs and governments should have taken care of the less fortunate (Prahalad and Hart, 2002).

Nowadays however, it is not uncommon for multinational corporations to engage in partnerships with NGOs and local governments, while addressing relevant social issues (Baur and Schmitz, 2011; Gordon, 2008; Selsky and Parker, 2005). Indeed, there is a reciprocal need between MNCs, NGOs and local governmental authorities to better understand and answer the various needs of the BoP communities (Prahalad and Hart, 2002). The reason behind it is that MNCs and governmental or non-governmental institutions usually possess complementary resources and capabilities, which are useful to realize effective projects at the base of the pyramid (Selsky and Parker, 2005; Singh et al., 2014). While most multinationals lack relevant experience in the field, given that the capabilities and resources developed in mature markets do not apply, at least in their entirety, to BoP markets (Seelos and Mair, 2007), civil society organizations, which include both international and local NGOs, often have a higher and more specific knowledge regarding the poor communities, making them a critical partner for MNCs (McKague et al., 2015). On the other hand, multinational corporations possess the size and the means to amplify the effects of BoP initiatives increasing the effectiveness of its partners (McKague et al., 2015).

However, as the different nature of MNCs and other institutions drives them towards the attainment of usually opposing goals, hybrid partnerships will pose the problem of finding mutual interests (Arora and Romijn, 2011). Due to external and internal pressures, corporations often look for projects, which represent a reliable source of profit in the shortest time possible, while governments and NGOs tend towards more altruistic goals (Selsky and Parker, 2005). Therefore, it is essential for them to find common ground that will help them set up an enduring and efficient collaboration (Selsky and Parker, 2005).

The different parties involved should then focus on encouraging communication among them, in order to foster the co-creating learning process in accordance to the so-called “decentered stakeholder model”, shifting the focus from their original stakeholders to the whole system (Calton et al., 2013). Co-creation implies the involvement of local individuals in the process of ventures creation, which, in turn, will help the external MNCs to become more embedded in the local communities, increasing the level of trust towards them (London, 2007). Partnership with local institutions and NGOs will in fact help the MNCs to organize ventures in a more effective and appropriate manner, through familiarization and trust building with the local communities (Sanchez and Ricart, 2010; Selsky and Parker, 2005; Simanis and Hart, 2008), facilitating and accelerating the MNCs’ entry process at the BoP level (Arora and Romijn, 2011). As a result of partnering up with different institutions and organizations, the BoP initiative will also become less risky, since the various parties will share the risk (Munir et al., 2010; Seelos and Mair, 2007).

2.6.1. The Role Of Governments:

It is not uncommon for governments to be seen as the partner with a lower degree of involvement. Their role however, should not be underestimated; through investments in infrastructures, public services and market regulation, they can in fact collaborate with private initiatives and facilitate their operations (Karnani, 2009; McKague et al., 2015; Munir et al., 2010; Selsky and Parker, 2005). As a matter of fact, governments of developing countries have even promoted MNCs’ interventions, providing help and support to new CSR initiatives, especially when complex social issues are being addressed (Levy and Kaplan, 2007).

“Trisector partnerships” are however tricky, as they require a higher degree of communication and collaboration between MNCs, NGOs and the governments (Selsky and Parker, 2005), which could result in a slower response to unexpected local needs and a difference in effort provided by the various parties (Munir et al., 2010).

2.6.2. Final Remarks:

On the whole, partnership with local institution will result in a combination of expertise from both realities of the pyramid, which will help to avoid biases from either of the two (London, 2007) and to ensure a better control on the actions of each party, as MNCs, NGOs and

governments will also take the role of monitoring each other's processes, in order to comply with the double objective behind BoP strategies (Perez-Aleman and Sandilands, 2008).

3. RESEARCH METHODOLOGY:

This work aims at providing an answer to the research questions presented in the introduction, in order to contribute to the development of guidelines concerning the adaptability of social initiatives. This was done through the creation of a qualitative single-case study (Dul and Hak, 2007), which analyzes the development and implementation strategies of Coletivo Platform by Coca-Cola Brazil. The analysis was based both on primary and secondary data.

Primary data was obtained mainly through two in-depth interviews for a total length of approximately three hours, one with Silvia Marina Pinheiro, professor at FGV-Direito in Rio de Janeiro, Brazil, and one with Thais Vojvodic, Social Operation Manager, at Instituto Coca-Cola Brazil. Those interviews were informed by the goal of avoiding bias in the answer provided (Saunders et al., 2009).

Although external to Coca-Cola Brazil, Silvia Pinheiro has worked closely with the communities in the State of Amazonas and Rio de Janeiro targeted by Coletivo Platform, while elaborating a research project focused on social initiatives. Her contribution provided an external point of view on the practices and results of Coletivo projects, which has proven to be of critical importance in the production of the analysis.

The interview conducted with Thais Vojvodic provided instead in internal point of view of the various methodologies utilized by Coca-Cola Brazil and the ICCB in the development and implementation of the Coletivo Projects.

Secondary data was obtained by the consultation of already existing reports on the Coletivo projects provided by the interviewees and publicized online, which also contained empirical studies regarding the impact of Coletivo on the communities.

In addition, the participation as a guest student in the course “*Strategy, Government and Society*” taught at FGV-EBAPE by my advisor, gave me the opportunity to review critical concepts and to constantly exchange ideas and opinions with regards to the present work.

After a quick contextualization of Coca-Cola in the Brazilian BoP market and a short introduction about the Coletivo Projects, the research results will be presented and analyzed using a combination of deductive and inductive approach (Saunders et al., 2009).

4. COCA-COLA BRAZIL:

In this section a concise overview of the Brazilian BoP market is presented, which is then followed by a contextualization of Coca-Cola Brazil.

4.1. Overview of the Brazilian BoP Market:

Notwithstanding its late struggles, Brazil still remains one of the biggest markets among developing countries, with more than 200 million people and a GDP of more than 2,350 trillion USD¹. Since the beginning of the 2000s, poverty and income inequality in Brazil have experienced a constant decrease, supported by economic growth and the implementation of important social policies (Arnold and Jalles, 2014). After 2003, many households improved their living conditions entering what is considered as the middle class (i.e. C), which has increased by almost 50 million people, resulting in the formation of the so-called “new middle class”, with a monthly household income between 1734 and 7475 Brazilian Reais (**Figure 2**).

Figure 2. *Brazilian Income Classes*

Class:	Monthly Household Income (2011 BRL):
A	> R\$ 9745
B	R\$ 7475 - R\$ 9745
C	R\$ 1734 – R\$ 7475
D	R\$ 1085 – R\$ 1734
E	< R\$ 1085

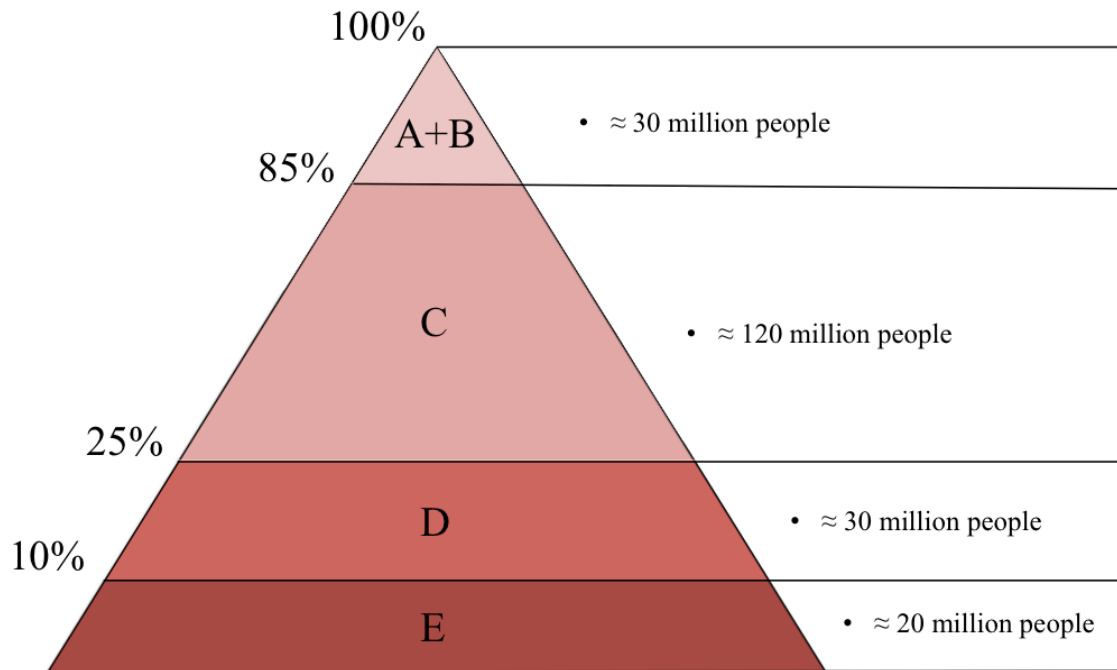
Source: FGV/CPS

At the same time, the lowest classes (i.e. E and D) have shrunk, with a reduction of almost 18% of individuals living with less than USD 2 per day (Arnold and Jalles, 2014).

¹ IMF 2014

² The World Bank

Figure 3. *Brazilian Economic Pyramid*



Source: FGV/CPS

However, in spite of these recent improvements, income inequality is still remarkably present within the Brazilian population, as a 2014 GINI index of 52.9² confirms. It can be seen from **Figure 3** that, although the C class includes approximately 60% of Brazilian households, only 15% of the people belong to the higher classes (A and B), while almost 25% are still struggling at the base of the pyramid accounting for approximately 50 million people (Neri, 2012).

This huge number has led to many social initiatives targeting the Brazilian BoP, some of which from The Coca-Cola Company.

4.2. Coca-Cola and CSR

Since the early 1990s Coca-Cola Company has been very active in the area of corporate social responsibility at a BoP level, with many projects aiming at the social development of poor

² The World Bank

communities all over the world. Coca-Cola's initiatives in Africa and Asia to include BoP individuals in the company's value chain are a few examples³.

Although not all of its social projects have created the hoped-for impacts (see Karnani, 2006), the company has shown a strong commitment and has not stopped pursuing the development of poor communities. In the late '90s, with the creation of Instituto Coca-Cola Brasil, social initiatives began to be applied in Brazil, resulting in the creation of Plataforma Coletivo.

4.3. Instituto Coca-Cola Brasil

The reason behind the creation of Instituto Coca-Cola Brasil⁴ (ICCB) was the promotion and implementation of transformational programs for the social inclusion and development of Brazil, with special focus on the creation of a better future for the women and youth of poor communities.

Since its formation in 1998, the ICCB has grown from 2 to 45 employees and it has experienced a gradual shift in its role of fostering the development of poor Brazilian communities; if until 2003 it only supported social projects of other NGOs, from 2004 onwards the Instituto began to take a more active role, personally designing and implementing new projects with the help of local partners, which eventually led to the creation of Projeto Coletivo in 2009.

Instituto Coca-Cola Brasil believes that in order to have a relevant impact on society, the focus has to be on the single individuals. That is why they aim at enhancing the potential of each individual by placing him/her in charge of his/her life, through training and technical and moral support.

Nevertheless, ICCB understands that significant social change can only happen when a large number of people are affected and, to do so, voice is given to poor communities, helping Coca-Cola to develop different projects suited to their needs.

³ For more information, see Coca-Cola 2014/2015 Sustainability Report

⁴ Coca-Cola Institute Brazil

5. PLATAFORMA COLETIVO:

In 2008, the booming Brazilian economy together with the increase in demand and consumption at the lower level of the pyramid led Coca-Cola Brazil and the ICCB to develop a project, which would allow the company to be more present in the poor Brazilian communities. Following the principles of shared value and co-creation (Calton et al., 2013; Simanis and Hart, 2008), Coca-Cola did not only concentrate on selling products, but also focused on having a positive impact on the lives of the less fortunate, fostering empowerment and development.

Consequently, in collaboration with the Shared Value area of Coca-Cola Brazil, the ICCB created the Plataforma Coletivo Coca-Cola (Platform Coletivo in English), which operates by offering different social initiatives (i.e. Coletivo projects), according to the needs of the various communities.

With Coletivo, Coca-Cola aims at empowering poor Brazilian individuals, improving both their social and financial conditions, by basing each Coletivo project on three guiding principles:

- To increase individuals' self-esteem through empowerment and income generation
- To provide them with life skills by offering technical assistance and access to the labor market
- To create shared value through their inclusion in the value chain

Alongside the aforementioned social mission, Coletivo Platform presented the double goal of being profitable, while doing good to society. Indeed, the organization also followed three additional business related objectives:

- To improve brand image and loyalty
- To increase presence in BoP Brazilian market
- To increase sales

Both social and market objectives are measured by Coca-Cola and its partners.

5.1. The Coletivo Projects

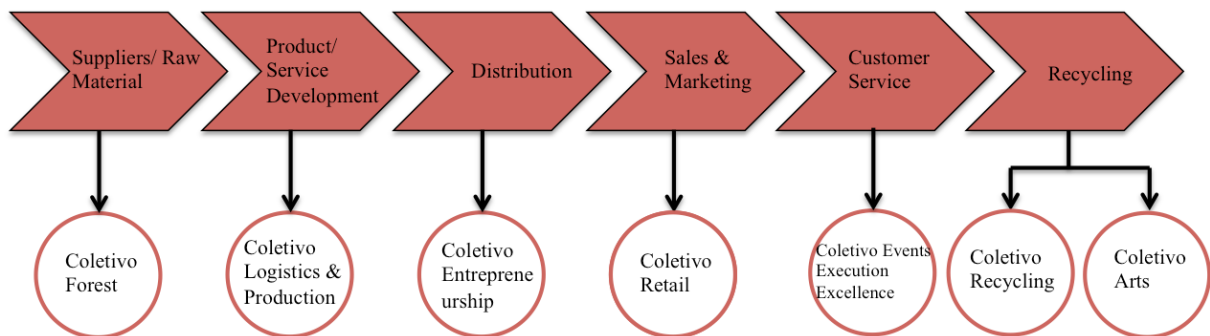
5.1.1 Development and expansion:

The development of new Coletivo projects is the result of a collaboration between the Shared Value Area (SVA) of Coca-Cola Brazil and the ICCB.

The SVA first analyzes the value chain of the company looking for possible areas in which to involve BoP members, for then working together with the ICCB in the actual development of the various Coletivos. Once the projects are ready to be implemented, it is up to the ICCB to coordinate their implementation and manage their operations.

Since the launch of the first Coletivo projects in the communities of São Paulo and Recife, the Coletivo Platform has expanded to 550 communities of 150 different cities, with more than 100 thousand individuals impacted. As it is summarized in **Figure 4**, seven different Coletivos currently exist, each one connected to a phase of the value chain and offering different opportunities to the individuals involved. With the exception of the already established Coletivo Varejo and Reciclagem, the other five projects are still in their pilot phase; a more detailed description of the Coletivo projects can be found in the Appendix.

Figure 4. Coletivo Projects Through Coca-Cola's Value Chain



Source: Elaborated by the Author

5.1.2. Fundings:

Most of the funds of Coletivo Platform come from The Coca-Cola Company and The Coca-Cola Foundation. Important external partners, who have also provided funds to the projects,

are McDonald's, the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) and UN Women⁵.

Having the common interest of scaling social projects, Coca-Cola and the MIF have been partners since 2013. Although at the beginning of the cooperation MIF also provided some sort of managerial consulting services on how to better implement the various Coletivo projects, nowadays the relationship is only financial. The ICCB only has to send a report on the evolution of the projects to prove that certain goals are being achieved. An example is the employment of at least 30% of the people participating in Coletivo Retail.

The support from UN Women is instead part of a broader partnership with The Coca-Cola Company and its 5by20 initiative, which by 2020 aims at empowering 5 million women entrepreneurs through their inclusion in the company's value chain.

5.1.3. Social Impact And Market Results:

Recent empirical studies conducted by Coca-Cola⁶ and its partners⁷ have found evidence of the impact of Coletivo Project, both from the point of view of the targeted communities and Coca-Cola itself.

Social Impact:

20% of the young people, who took part in the various projects, reflected an improvement in their confidence about the future. After the conclusion of the two months training, Coca-Cola or other commercial partners have in fact employed more than 30% of them, resulting in a 50% increase in family income. With 70% of the participants of Coletivo being women, the project has also been able to empower them and raise awareness of the important role they have in the Brazilian society.

Market Results:

On Coca-Cola side, the money invested in the projects is regained through higher sales and market penetration in the BoP market. Sales in communities where Coletivo is present have increased by 6% if confronted with other communities not targeted by the project. Even more

⁵ "United Nations Entity for Gender Equality and the Empowerment of Women"

⁶ The ICCB Coletivo Report, 2014

⁷ FSG Report, 2014

important, brand relevance was 5% higher in the targeted communities and, overall, the brand has benefitted by a general increase in awareness and loyalty towards it (Smith et al, 2014).

5.1.4. Future

Given the poor economic situation of Brazil with respect to when Coletivo has begun, the current challenge for Coca-Cola is to find a way to maintain and amplify its impact on the Brazilian society. The focus of ICCB is not to only increase the number of communities participating in the Coletivo projects, but to improve the quality of the courses offered, hence increasing the percentage of people significantly impacted by the projects offered. This will be done by introducing some innovations in the way the courses are organized and through the utilization of new technologies. Although ICCB is still working on it, what is certain is that Coca-Cola efforts are a long-term commitment.

6. OVERVIEW OF THE MAIN RESULTS:

In the present section a description of the development and implementation processes of the Coletivo Projects is presented, focusing on the role and selection of Coca-Cola Brazil's Partners, as explained by the informants during the interviews. Subsequently, the concept of "social technology", as seen by Coca-Cola, is presented.

6.1. Adaptation and Implementation

6.1.1. Educational Methodology:

The educational methodology applied to the Coletivo projects implies an adaptation of the techniques utilized. This is done by means of a constant interaction with the targeted individuals and local institutions, promoting an exchange of knowledge and mutual learning. The development of this educational methodology is in fact an ongoing process, as the contents and structure of the courses offered are defined in accordance to the specific reality of each community, in order to provide an attractive and effective training.

For a complete development of the people living in poor communities, Coca-Cola focuses on the enhancement of both technical competencies and life skills.

Technical training aims at giving students specific skills, helping them to excel in their job. Each Coletivo has a different set of technical competencies taught, depending on the nature of the project and the interests of the students. As an example, individuals interested in following a career in the retail area will learn about merchandising, while people with an entrepreneurial spirit will learn about sales and business development.

On the other hand, those individual life skills are deemed necessary for a complete personal and social development. Through its years of experience, Coca-Cola has in fact noticed that a common characteristic of the people living in poor communities is a low degree of self-esteem, which prevents them from exploiting their full potentials; leadership and proactivity are then taught to allow those individuals to face the problems and demands of their everyday life.

The trainings offered include both theoretical and practical classes, with real life opportunities to apply the concepts learned and theoretical concepts are contextualized, in order to make them more interesting and to stimulate the learning process. Finally, group simulations are also used to encourage exchange of knowledge and group bonding and to prepare the students to situations they could face while working.

6.1.2. Partnerships:

To date, Coca-Cola Brazil counts more than 500 partners working alongside it and the ICCB, who help in the implementation of new Coletivo projects and in measuring its results. The sharing of complementary expertise and resources is at the base of their relationship. Nevertheless, the local NGOs are considered the most important partners, as they critically help the ICCB in the initial and subsequent phase of the projects.

6.1.2.1. Community and NGOs Selection

The first step in the implementation of new Coletivo projects is the selection of the new-targeted communities done by representatives of the ICCB.

The main criterion through which new poor communities are selected is their size; as the courses only last few months, the community must be large enough to ensure a long-term interest by its people, otherwise the project would result being financially unsustainable by Coca-Cola. While scaling up the projects, the ICCB has realized that BoP communities can and do differ widely from each other, conditioning their final impact. An important difference was found between the south-east and north-east area of Brazil, with the south-east communities presenting a sort of “social competition” due to the numerous social projects offered by different institutions, while the north-east area of the country exhibited a much higher interest in Coletivo, as few alternatives existed.

Once a possible new community is identified, the ICCB representatives personally talk to the local people in order to map the most influential and relevant NGOs present in the community. To partner up with the right NGO is a critical step for the ICCB, as the outcome and impact of the Coletivo project depends heavily on the NGO chosen as a partner.

The local NGO needs to possess the experience of working with the local individuals and to be acquainted with the community, in order to be able to form a connection between Coca-Cola and the local people, speeding up the process of trust building between the two. Local NGOs are usually willing to collaborate with the ICCB, as they mostly depend on external donors to run their activities and lack the means and knowledge to amplify their social impact. While the NGOs already have an engagement with the local communities, Coca-Cola has the means and knowledge the foster the local development, making them interdependent.

Nevertheless, there have been some problems in the past related both to a poor choice regarding the community and the NGO to work with, which have resulted in the premature termination of the projects in the areas interested: while some of the communities chosen turned out to be not suitable to the project, as people were not willing to collaborate and NGOs were unable to attract enough people, sometimes NGOs even resulted having relationships with local criminals, creating problems related to the safety of the students and workers of the projects.

6.1.2.2. The Partnership with Local NGOs:

The partnership between Coca-Cola and the local NGOs is based on sharing of knowledge, human capital and infrastructure.

Due to their enduring presence in the communities, the NGOs provide the facilities where the courses take place, while Coca-Cola supplies all the furniture and equipment needed to ensure a good and effective learning environment. Representatives of the ICCB, in close collaboration with the local NGO, select the instructors, who will be in charge of training the local youths. In order to ensure a good fit between the instructors and the students, the person hired is usually part of the community itself and not too old with respect to the students (usually between 25 and 30 years of age). The similarity in age and background fosters a better interaction and connection between the youths and the instructors, improving the speed and quality of the learning process. Furthermore, before the beginning of the Coletivo project, the instructors selected also undergo a training organized by Coca-Cola to prepare them to the challenges they could face throughout the courses.

Once the project begins, the leaders of the local NGOs and a representative of Coca-Cola jointly manage it, overviewing its evolution and considering possible improvements. Normally each representative from the ICCB collaborates with five different NGOs, working closely with the respective communities to ensure a high level of trust building and understanding of the communities. The process undertaken by Coca-Cola to find its representative is rather time consuming, as the required person is not always easy to find. This person needs in fact to possess a hybrid mentality, as social and managerial commitment is needed for the success of the project. In the selection process the life experiences are much more important than the educational background, as sometimes the person selected comes from a community with similar characteristics to the targeted ones. As for the instructors,

once a Coca-Cola representative is chosen, she/he has to undergo a training to better understand the differences between the communities she/he will be in charge of.

6.2. Social Technology

6.2.1. The Social Franchise System:

After experiencing the first problems in the implementation of some Coletivo projects, the ICCB decided to set some guidelines, which could facilitate their implementation and scalability without compromising their adaptation to the different local needs. The result was the creation of what they call a “social franchise system” based on the “Fix, Flex and Free” model, which implies three sets of easily replicable guidelines, each with a different degree of flexibility depending on its relevance.

The fixed guidelines are the essential ones characterizing each Coletivo and changing them requires a decision from the highest positions of Coca-Cola; an example is the duration of the courses organized. The flexible and free guidelines can instead be adapted to the different situation of the various communities targeted without the intervention of high ranked managers, in order to ensure a rapid match between the projects offered and the needs of the local people. The adaptation of each project is reached through a constant presence of Coca-Cola’s field team in the communities, which guarantees an ongoing interaction with the locals regarding the evolution of the projects and possible improvements. Indeed, the important aspect in the implementation of the Coletivo is the voice given to the local institutions and people, which actively contribute to the creation of what Coca-Cola calls “Social Technology”.

6.2.2. The Sharing Of Social Knowledge:

Coca-Cola Brazil is currently considered a social role model for many international Coca-Cola divisions and other companies, which often consult the ICCB with regards to the implementation of social projects. Indeed, this is one of the main goals Coca-Cola had in mind since it started developing its social technology: to create a social network between corporations, NGOs and governments to allow the exchange of knowledge and managerial good practices aimed at the social development of poor communities. This social knowledge

needs some degree of adaptation to the different contexts in which it will be applied, but it facilitates and speeds up the overall implementation process.

However, Coca-Cola understands that it still lacks experience in many areas of social development and it relies on external partners to fulfill those gaps. An example is the recently launched Geração Movimento, a social project promoting physical activity in the public schools of Brazil. As the ICCB does not have significant knowledge of the public sector, it relies on the expertise of Fundação Roberto Marinho (Roberto Marinho Foundation), which has worked in the field for more than 10 years now and whose expertise contribute to the building of Coca-Cola's social knowledge.

7. DISCUSSION OF THE RESULTS:

As mentioned in the research methodology section, the following analysis will be conducted by means of both a deductive and inductive approach, and it will analyze the results taking into consideration the research questions presented in the introduction as well as the concepts depicted in the literature review section.

7.1. Cooperation With Local Partners

A common challenge in the formation of partnerships comprising partners of different nature is the alignment of their goals, through the finding of common interests (Arora and Romijn, 2011). Nevertheless, Coca-Cola has been able to do so by involving local institutions in the Coletivo projects, hence creating an opportunity for the exchange and production of additional social knowledge.

7.1.1. Contextualization And Production Of Social Technology

Coca-Cola Brazil and the ICCB have managed to make local NGOs an essential part of the development and implementation of the various Coletivo Projects, by basing their expansion on hybrid and highly asymmetrical partnerships and by disregarding the traditional separation of roles between MNCs, and NGOs (Prahalad and Hart, 2002). This kind of hybrid collaboration has allowed the company to overcome its lack of experience in relation to unique contexts, while constantly building up specific knowledge concerning managerial practices at a social level (Seelos and Mair, 2007). Indeed, through the promotion of a continuous process of co-operation with the local institutions, Coca-Cola Brazil allows the Coletivo Platform to contribute to its objective of developing a general social technology along the same lines as Seremani's "*third spaces*" (Seremani and Clegg, 2015). The company avoids the common trap of basing it purely on Western or North Atlantic approaches, which would compromise the pursuit of the delicate issue that the social development of poor communities represents (Cooke and Faria, 2013; Jack et al., 2012). Furthermore, from the perspective of the organization, such bottom-up approach provides a particular and asymmetrical ground for the contextualization of the managerial knowledge produced by the parties involved, which appears to be shared and universal (Jack et al., 2012; Seremani and Clegg, 2015).

7.1.2. Partners' (Inter)dependence:

The engagement by ICCB in horizontal partnerships with local NGOs which are actually asymmetrical in character is 'theoretically' beneficial to both, as a sharing of the history, cultural background and experience of the parties involved is promoted (Selsky and Parker, 2005; Singh et al., 2014). The correct implementation and resulting impact of Coletivo on local communities relies on the alignment of the goals of the parties involved alongside their interdependence, as they fulfill their respective reciprocal needs (Arora and Romijn, 2011; Prahalad and Hart, 2002). Nevertheless, given its size and means, Coca-Cola Brazil appears to be in a privileged position with respect to its local counterparts, as local NGOs are usually small and struggling with fundraising. Indeed, studies have shown that hybrid partnerships between MNCs and NGOs have often led to formalization in the practices of the latter (Selsky and Parker, 2005), intensifying the belief of uneven relationships. Additionally, Coca-Cola has the capacity of changing the partner NGOs at will, as it did when it encountered problems in the implementation of some projects, while it cannot be said the same for the opposite. This creates an unequal degree of dependence, which could negatively affect the collaboration of the parties interested with consecutive effects on the targeted communities.

7.2. Adaptability And Social Knowledge Creation:

Leveraging its large presence in the Brazilian market and its partnerships with local NGOs, Coca-Cola has indeed been able to build a social expertise, which has allowed the company to quickly increase the number of different Coletivo projects across the country. However, various elements present reasonable doubts to the assertion that the managerial practices characterizing the initiatives offered by Coletivo Platform can be adapted to any given context.

7.2.1. Community Selection:

The first problem regarding the adaptation of the Coletivo projects concerns the need for a selection team of the targeted communities by the ICCB's field. The fact that not all the communities at the BoP can be chosen presents a paradox, which contradicts the principle of adaptability of Coletivo. As only "large enough" communities can be impacted, the individuals, who do not belong to the selected communities, are left out, facing the risk of

becoming even more marginalized than how they already are. Indeed, the selection process creates an imaginary hierarchy among communities, with the focus of Coletivo directed only towards the ones respecting the selection criteria specified by Coca-Cola. This brings us back to the subjectivity concerning the definition of being beneficial to society (Spector, 2008); while for some Coletivo's impact contributes to the social development of BoP communities, for others, the discrimination caused by the favoritism of ICCB, may be causing a detrimental effect on the communities disregarded. The same line of reasoning can be applied to the practice of basing the decision concerning the continuation or termination of Coletivo projects on predefined and standardized results; 30% as target employment rate after the two months training may sound fair to some, while at the same time unsatisfactory to others.

7.2.2. Financial Sustainability:

The selection of BoP communities just mentioned can be related to an uneven coexistence of Coca-Cola's objectives. Although the Coletivo Platform has been created to foster the socio-economic development of the Brazilian BoP, its second goal is to increase the presence of Coca-Cola in the BoP markets, in order to cover the investments in the project. This concept of "doing well by doing good" has always been a guiding principle of many CSR initiatives promoted by MNCs (Davidson, 2009; Singh et al., 2014; Spector, 2008), and it will likely continue to be so. Nevertheless, a problem arises when the line between being financially sustainable and financially profitable blurs or, in other words, when the pursuit of sustainability harms the attainment of the preset social objectives (Davidson, 2009). The fact that the ICCB can only target BoP communities with specific characteristics prevents it from expressing its full potential in the attempt of fostering the development of poor individuals, exhibiting an unbalanced relation between the dual objective promoted by the Coletivo Platform.

7.2.3 Elaboration Of Social Guidelines:

In spite of the inclusion of local institutions and individuals in the development and implementation of the projects, following the principle of co-creation of hybrid managerial theories (Jack et al., 2012; Seremani and Clegg, 2015), Coletivo and its practices have yet to show a complete adaptability to different geopolitical contexts.

Indeed, although the active role of NGOs and members of local communities facilitates the outlining of guidelines for the creation and actualization of social initiatives in different

realities, the resulting protocol appears to suffer from accountability issues, which hinder its potential impact, as it has been discussed in section “7.2.1.”. Those selection criteria and imposed benchmarks may be the direct consequence of the argument supporting the presence of a “fortune” in BoP communities (Prahalad and Hart, 2002), which drew the attention of Corporations on the development of poor individuals. This poses a problem, which questions the Coca-Cola’s position of “social role model” and its objective of producing a social technology. Coca-Cola Brazil is not the first experimenting the creation of such knowledge, as mechanism of “knowledge management” have led to many attempts at the production of universal guidelines for the implementation of BoP initiatives within contexts of asymmetries (See Simanis and Hart, 2008). The adaptation of standard practices and traditional theories (Selsky and Parker, 2005) led however to controversial results. Through the use of its social franchise system in the scaling up of Coletivo projects, the ICCB may have accelerated its implementation but, given its short presence in many of the targeted communities, evidence of the impact and efficacy of its methodologies in different context still needs to be produced.

8. CONCLUSIONS:

Through the analysis of the Coletivo social projects implemented by Coca-Cola Brazil, the present case study has been conducted to explore and analyze the possible development of a set of universal guidelines and knowledge, which could facilitate and promote the development and subsequent implementation of social initiatives aiming at the socio-economic development of different communities at the base of the pyramid.

From the analysis of the management characterizing the Coletivo Platform, it can be stated that throughout their presence in the Brazilian BoP market, Coca-Cola Brazil and the ICCB have been able to embrace, voluntarily or not, a contextualization of managerial social knowledge, as a partial result of the full acceptance of the BoP 2.0 theories (Arora and Romijn, 2011; Bonsu, 2011; Karnani, 2006; Simanis and Hart, 2008). Indeed, by engaging in partnership with local NGOs, Coca-Cola Brazil fostered the exchange of social knowledge and experience, beneficial to the development of general guidelines aimed at the expansion and adaptation of Coletivo Platform's social initiatives.

Following the utilization of a social franchise methodology, the Coletivo projects have in fact experienced a rapid diffusion in the BoP communities, further contributing to the gathering of social knowledge and to the creation of what Coca-Cola refers to as social technology. Questionable aspects of the methodology utilized have however posed serious doubts on the capabilities of the ICCB to adapt its strategies to any given context, which have sometimes even resulted in the negligence of basic principles of CSR practices (Davidson, 2009; Singh et al., 2014; Spector, 2008). These uncertainties concerning the adaptation capacity of the Coletivo Platform and its strategies have in turn led to the questioning of whether a universal social knowledge as intended by Seremani and Clegg (, 2015) is attainable, as the social initiatives promoted by Coca-Cola Brazil can only be applied to predefined communities, leaving others outside of the picture. Indeed, the analysis of Coletivo's practices has shown some fallacies concerning their general adaptability, given that their presumed "generality" only applies to a given set of contexts of asymmetries, imposing a limitation on the possible impact on the socio-economic development of poor individuals and a confining on the true meaning of universality.

9. LIMITATIONS:

The limitations of the present work are mainly related to the methodology and nature of the data utilized for the collection and analysis of the data. Indeed, this case study focused mainly on two managerial aspects of Coletivo Coca-Cola overlooking a more structured and focused analysis of the actual impact of the projects on the communities targeted and the ones who were not.

Furthermore, the role of the government in helping social initiatives at the base of the pyramid has not been analyzed, leaving an opportunity for further research.

Finally, although two different points of view have been taken into consideration, additional perspectives on the relationship between Coca-Cola Brazil and its partners alongside their resulting impact on BoP communities would have benefitted the analysis of their relationship.

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APPENDIX:

THE COLETIVO PROJECTS:

Coletivo Floresta:

Targeting the fruit extractors living in the northwestern Brazilian state of Amazonas, Coletivo Floresta (Coletivo Forest) aims at promoting their social and economic inclusion, while at the same time preserving the ecosystem of the forest. This is done through the offering of trainings with regards to logistics, technical skills, forestry management, and safety.

Since fruit extractors live far away from each other, Coletivo Forest also focuses on building a community spirit by promoting the formation of cooperatives and common organizations. In order to ensure a sustainable development of the region, various partners are involved, including the local government. As of today, Coletivo Forest has reached 51 communities consisting of 600 families, for a total of six thousand people impacted, which are then included in the supply chain of Coca-Cola.

Coletivo Logística e Produção:

As a consequence of the increase in demand for qualified manpower in the areas of logistics and production, the Coletivo Logística e Produção (Coletivo Logistics and Production) was created, with as main target the youths of poor Brazilian communities. Through this coletivo, young people receive training such as handling, storage and transportation of products, which will enable them to work in the value chain of Coca-Cola and other commercial partners.

Coletivo Empreendedorismo:

The targets of Coletivo Empreendedorismo (Coletivo Entrepreneurship) are women of low-income communities with an entrepreneurial spirit. Through this project, women receive training with regards to microfinance, sales, merchandising and development of behavioral skills, resulting in the opportunity of developing and expanding their own business, hence increasing their family income. As for Coletivo Retail, classes are offered to 20 people at the time, and take place twice a week for two months.

Coletivo Varejo:

The “Coletivo Varejo” (Coletivo Retail) targets urban communities’ youths between 15 and 25 years of age, who are interested in working in retailing. This project offers them the opportunity to learn about the retail market and prepares them for the initial steps of their

careers through focused trainings and courses. In accordance with the guiding principles of the Plataforma Coletivo, in addition to technical training, participants are also given the opportunity to exercise leadership, collaboration, communication and critical analysis skills. This Coletivo, combined with the enhancement of their self-esteem, offers an early opportunity to the young people of poor communities to carve out an important role in the Brazilian society, connecting them with the value chain of Coca-Cola or other commercial partners. The courses take place in the very own communities and last two months with classes composed by 20 people organized twice a week. Coletivo Retail is currently offered in 14 states and it is present in more than 125 communities. With a maximum capacity of 100 students every two months, since its launch, the project has been able to form more than 80 thousand students.

Coletivo Excelência em Eventos:

The Coletivo Excelência em Eventos (Coletivo Events Execution Excellence), was created to take advantage of important sport events such as the FIFA World Cup 2014 and has since then been active in training young people from low-income communities. Event execution and customer service are at the core of the courses offered, although a focus on self-esteem improvement and behavioral skills is also present. Job opportunities are offered at events organized by Coca-Cola or other commercial partners.

Coletivo Reciclagem:

With Coletivo Reciclagem (Coletivo Recycling), Coca-Cola supports the local recycling cooperatives by providing technical training and managerial guidance alongside investments in equipment and infrastructure. Through these activities, Coletivo Recycling aims at contributing to the formation of a better and safer working environment and to improve the economic situation of the cooperatives, in order to make them financially sustainable.

The focus of this project is also on the individual people working in the cooperatives, especially with regards to their self-esteem and dignity. Coca-Cola fosters the social inclusion of the workers by making them aware of the importance of their activities.

Coletivo Recycling has affected more than 10 thousand people and is currently present in 22 Brazilian states, working with almost 400 cooperatives (roughly 40% of the total), which experience on average a 17% increase in their income.

Coletivo Artes:

Coletivo Artes (Coletivo Arts) is closely related to Coletivo Recycling. Indeed, the project targets artisans of poor communities with a special focus on women, offering them courses with the goal of enhancing their design skills and promoting the utilization of recycled beverage container materials. Technical courses however are not the only training offered, as artisan receive support to develop managerial skills, which would help them create their own business and expand their market. Coletivo Arts is present in four Brazilian states and impacts 25 artisans groups for a total of 200 people.