



# Barriers to Self-Targeting for Social Ventures Addressing the Bottom of the Pyramid

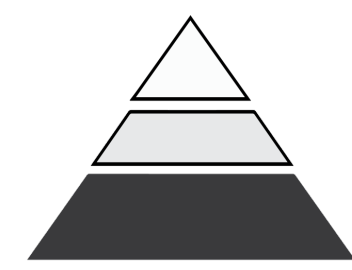
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## Theoretical Background

### Bottom of the Pyramid (BoP)



- The world's 4 billion poorest people
- Identified as a potential market for MNEs while reducing poverty

### Social Entrepreneurship

- Belief that profit-oriented investment isn't enough to fight poverty
  - People at the BoP are willing but not able to pay for suiting products
- Combining social purpose and revenues
  - Non-profit or for-profit
- When addressing the BoP: subsidized products
- Limited Resources

### Targeting

- Process of setting eligibility criteria to define eligible customers
  - E.g., region, personal characteristics, individual wealth assessment
- Problem: inaccuracy, high costs

### Self-Targeting

- Self-Targeted program is theoretically open to everyone but designed in a way that expected take-up is higher among the poor
  - Reduced value of the benefit and/or increased costs of access
  - E.g., lower-quality products, increased waiting time, work requirements
- Reduced administrative costs and higher accuracy

## Research Question

**What are the barriers regarding the consideration and the implementation of self-targeting for social ventures addressing the BoP?**

## Methods

- Qualitative Design
- Semi-structured interviews
- Single case study

- German Social Venture, founded in 2012
- Providing basic optical healthcare at the BoP in several countries
  - Free sight tests and subsidized glasses
- Interviews with nine Country-Managers
  - Bolivia, Brazil, Burkina Faso, Colombia, India, Kenya, Liberia, Malawi, Peru

## Findings: Identified Barriers

### Lack of awareness regarding (Self-)Targeting

- Hindering the explicit discussion of the topic
- Reducing the ability to strategically choose a targeting method
- Self-Targeting is not as straightforward as expected

### Reluctance to exclude people

- Interviewees don't want their offer to be exclusive
  - They want to serve the ones most in need but are not willing to exclude people from buying at the subsidized price
  - Hazard to their ability to actually serve those most in need
- Connected to their organizational Identity
  - "Who/What are we as an organization?"
  - Social venture serving the ones most in need vs. Eyewear brand serving all levels of society

### Need for an alternative offer

- People for whom the value of the benefit is too low and/or the costs of access are too high need to have the possibility to get not-subsidized glasses elsewhere (to not pick up the self-targeted offer)
- Neglected by literature but particularly relevant for social ventures targeting the most marginalized people

## Conclusions

- The topic of (Self-)Targeting needs to be addressed explicitly
- Social ventures addressing the BoP need to create a common understanding of their organizational identity
- Self-Targeting needs an alternative offer to work properly

## Most Relevant References

- Bottom of the Pyramid: Prahalad & Hart (1999, 2002, 2005)
- Social Entrepreneurship: Peredo & McLean (2006)
- (Self-)Targeting: Devereux (2021)

## Acknowledgements

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