VC’s Column

THERE are currently four billion people in the world earning less than USD2 a day. They are known as the people at the Bottom of the Pyramid (BOP). While they may be down on their luck, these people are not a lost cause. Our country’s public and private sectors must work together to come up with initiatives to ensure that people at the BOP in Malaysia also have a share in the country’s economic pie.

We must find ways and means to identify real opportunities that can create value for them so that they can get out of the poverty cycle. The private sector must be willing to take risks in coming up with innovative CSR initiatives to help improve the livelihood and quality of life of the low income population, while the public sector must come up with policy reforms as well as transformation plans that will facilitate their participation in the nation’s economic activities.

Every effort must be made to demonstrate to people at the BOP that there are vast opportunities for them. When people fail to understand that opportunities are available to them, they become frustrated. For example, why are young people upset with the government? It is because they cannot see the opportunities.

They think it’s all been taken up by the big fish. In reality, they have overlooked potential areas where opportunities abound. Why go for the Red Ocean Strategy when the Blue Ocean Strategy is so much better? If the Red Ocean has a lot of fish, don’t swim there anymore; instead, take a dip in the Blue Ocean where you will find abundant opportunities.

And one of the potential areas under the Blue Ocean Strategy is to identify opportunities to help the community – in particular, people at the BOP. We need entrepreneurial and innovative solutions that will help them escape the survival trap.

I think ‘One District One Industry’ is a good example of an initiative that can be geared towards this effort. However, improvements must be made to it. One of its problems is that the products identified under this programme don’t seem to have market potential beyond our national borders. They may have gotten outside people to do the marketing and distribution of the products but the quality, branding, and packaging is less than satisfactory so the products have not been able to expand and enjoy a bigger market share.

Secondly, it does not necessarily involve the participation of everybody in the district, particularly those who come under the low income group. I visited a small area in Banting where there was a local entrepreneur, but I saw that it was more of a family business rather than getting the community involved. Of course, they employed the local people in their factory, but that’s not the idea. How do we make this programme more impactful?

So, while this initiative does develop some niches, I wonder how effective it is at addressing the problem of poverty – because you are not able to get everyone to participate. To some extent, there could be alleviation of poverty because you are giving employment to some people. But that may not last long because if the product cannot be sold, then the marketing representatives and distributors may not want to purchase some more. And as employees, the people will find themselves still stuck in the survival trap if this happens.

What we should do is identify one industry, one district and the people who really have no income in that district. Those are the people who should be involved in this initiative. The people we should be targeting in our efforts are: people in rural areas who have no form of livelihood; people in urban areas whose income are below the poverty level; and youngsters who are not able to participate actively in the economic sector – this means they cannot get a job or they try to start a business but cannot get contracts.

For each of these target groups, there are potential enterprising solutions. A study must be conducted to find out the skill sets and level of competencies of targeted groups. So that we know what are the resources we have available. Then, we can work on coming up with a solution.

Coming up with a solution to help the BOP market achieve prosperity is important for generating new income. When everybody can generate income, the nation’s revenue will increase and the country’s economic well-being will be ensured.

Professor Datuk Dr Md Zabid Abdul Rashid is the president and vice chancellor of Universiti Tun Abdul Razak.

Opinions in this column are held by the author and are not necessarily shared by Universiti Tun Abdul Razak.