

GREENING SOUTH AMERICA, ONE BUSINESS AT A TIME

A look at how small and medium-sized businesses on the continent are starting to play a bigger role in environmental sustainability

POSTED BY ALANNA MITCHELL ON JUNE 21, 2016

How does the world's industrial production go green? While much of the focus in recent years has been on whether the brand-name, billion-dollar multinationals are doing it, economists in Latin America have begun wondering about the smaller links in the production chain.

The logic is sound. Those non-multinationals may be small, but they are massive when it comes to their cumulative effect on both employment and pollution, says Ben Petrazzini, senior program specialist at the regional office for Latin America and the Caribbean of Canada's International Development Research Centre in Montevideo, Uruguay. "The issues are very important when it comes to the future of the environment and climate change," he says. "And when it comes to small and medium-sized enterprises, there hasn't been much attention."

Recently, because Latin American economies are in the throes of a lengthy boom, there has been pressure from more developed countries for that growth to be environmentally friendly, no matter what size the business. That's driven by an idea that took hold in the wake of the global economic collapse of 2008: that green growth can create jobs, alleviate poverty and reduce social inequality.

But there's a hitch. While large companies tend to have money to put into green strategies, smaller enterprises are less likely to be able to put aside cash for that sort of investment. Not only that, but governments historically have focussed policy measures on the larger companies, leaving smaller ones to their own devices, without much explanation of what to do or why it matters.

It adds up to a conundrum. Worse, as Petrazzini and his colleagues at IDRC discovered, there was a near total lack of data on the smaller business and their attempts to go green.

That led IDRC to support two studies worth \$1.39 million to find out the basics in countries across the region, including Argentina. Both studies ended in 2015.

Daniela Ramos, an economist and principal researcher at the non-profit foundation Centro de Investigaciones para la Transformación in Buenos Aires, oversaw a two-year study that examined how efforts to go green affected the competitiveness and employment at about 20 food and beverage, textiles and machinery businesses. She says her team had to agree not to name any of the companies studied to allay fears that the information could be used against them somehow, a common barrier to research in Argentina.

One of the first findings was just how little the smaller firms knew about making their operations more environmentally sustainable, whether it was reducing the amount of industrial waste put into the land and water or reducing carbon-based fuels in production. They didn't know which technologies to use or how to apply them. "We found that firms that intended to green their processes in some cases could not," says Ramos. "They were not very well informed."



An employee at a print shop in Peru carries a stack of paper on his head. By recycling and using new printing techniques, the shop is seeking to reduce its environmental impact — something other small and medium-sized businesses across South America are learning more about as they begin to play a key role in sustainability in the region. (Photo: Courtesy of CENIT)

And even if they knew what to do, they rarely had the money to accomplish their goals. In addition, few could see how greening production would do anything but cost them money. They didn't link it to future savings in production costs or to potentially increased markets from environmentally savvy consumers.

Nevertheless, all the firms had improved environmental standards to some extent over time, Ramos says. During the process, they were also able to keep employment at stable levels, rather than having to cut staff because of extra costs. "It's not a dichotomy. It's a process, a continuous path," she says. "They realize this is something they can't avoid so they start incorporating some technology and they walk along a path to become greener."

Eduardo Bianchi, a professor at the Instituto Universitario Escuela Argentina de Negocios in Buenos Aires, was involved in the other IDRC-supported study, a three-year project coordinated by the Argentine branch of the Latin American Faculty of Social Sciences and carried out by the Latin American Trade Network that looked at the impact of low-carbon economies on growth and inclusion. Bianchi says that an in-depth study on the dairy industry that he co-authored for the IDRC project showed that small and medium-sized firms need policy regulation if they are to become greener. He added that governments must help them gain access to financing.

While the studies showed that the smaller firms have a long way to go to become greener, they also showed the tremendous environmental benefits Latin America could reap with a little policy help. "The environment is seen as a cost," Bianchi says, "but it is also an opportunity."

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READING AS THINKING

Answer the following in complete sentences.

1. a) Summarize the article.

- b) Reflect on what you think the article is about. Use the title of the article and important ideas from your summary to draw a conclusion. Illustrate the main idea of the article in the box below

- c) Explain how the picture shows the main idea.

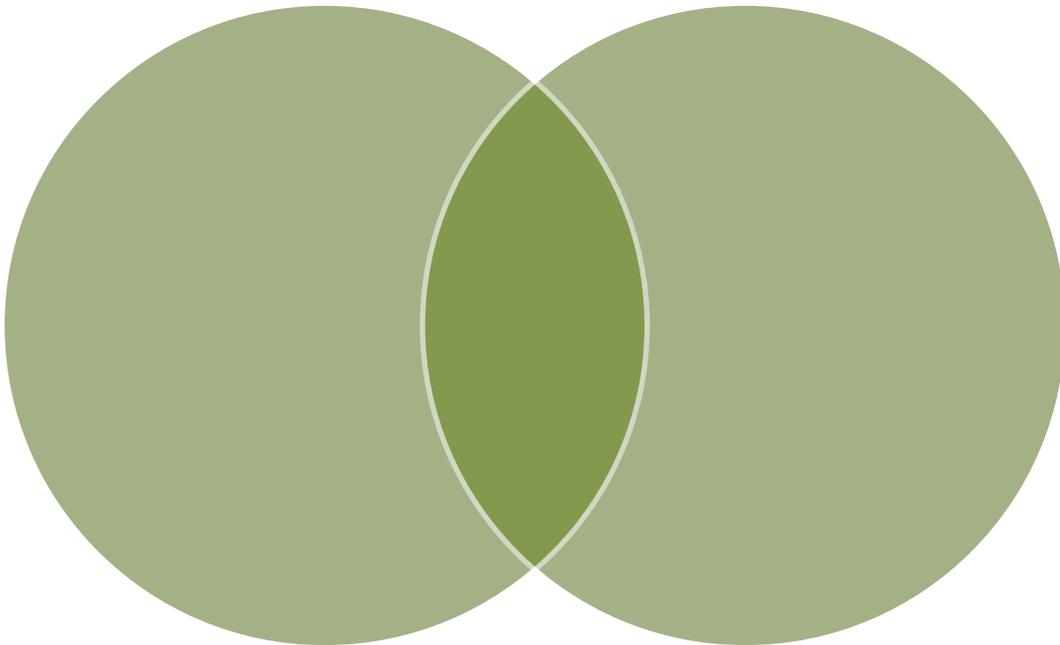
2. What led the IDRC to launch this research study?

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3. What are the findings from the research study?

4. Create a Venn diagram to compare and contrast the issue of environmentally friendly growth for large and small business in Latin America.



5. a) Describe the roles of Ben Petrazzini, Daniela Ramos and Eduardo Bianchi in this project.

b) What is the relationship between their roles in the project?

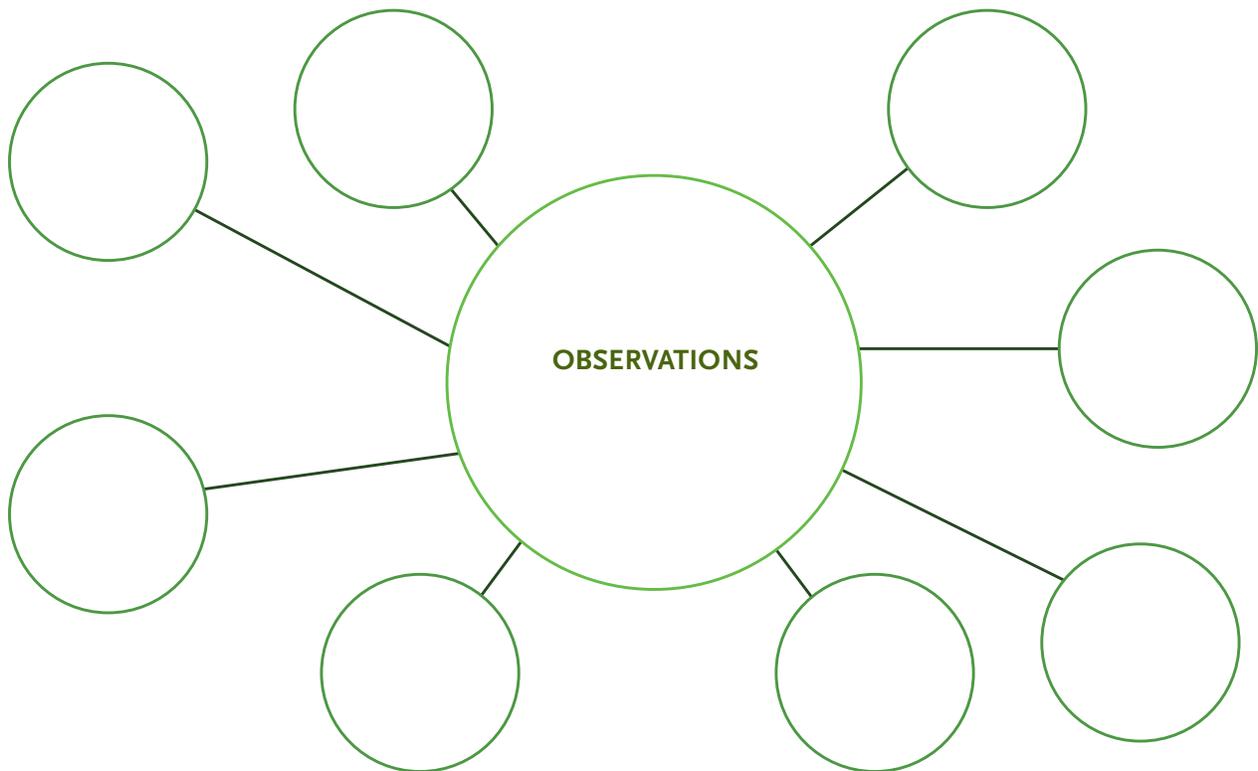
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c) Prepare an argument for whether their collaboration is important in this project.

6. What do you see as possible long-term outcomes for greening Argentina? Who will benefit?

7. Examine the picture in the article and make observations below. Focussing on the details will allow you to come up with a large number of observations.



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a) Describe how the picture helps you to create meaning from the text.

8. How does Bianchi's quote, "The environment is seen as a cost, but it is also an opportunity," relate to the title of the article?

9. Evaluate the importance of environmental sustainability.

Think-Pair-Share

10. *Think*

Prepare a plan to educate small businesses in developing countries about how to make their operations more environmentally sustainable. Consider finances and policies in your plan.

Pair

Share and discuss your plan in a small group. Collaborate with one another to create one concise plan.

Share

Each group can share their plan with the class.

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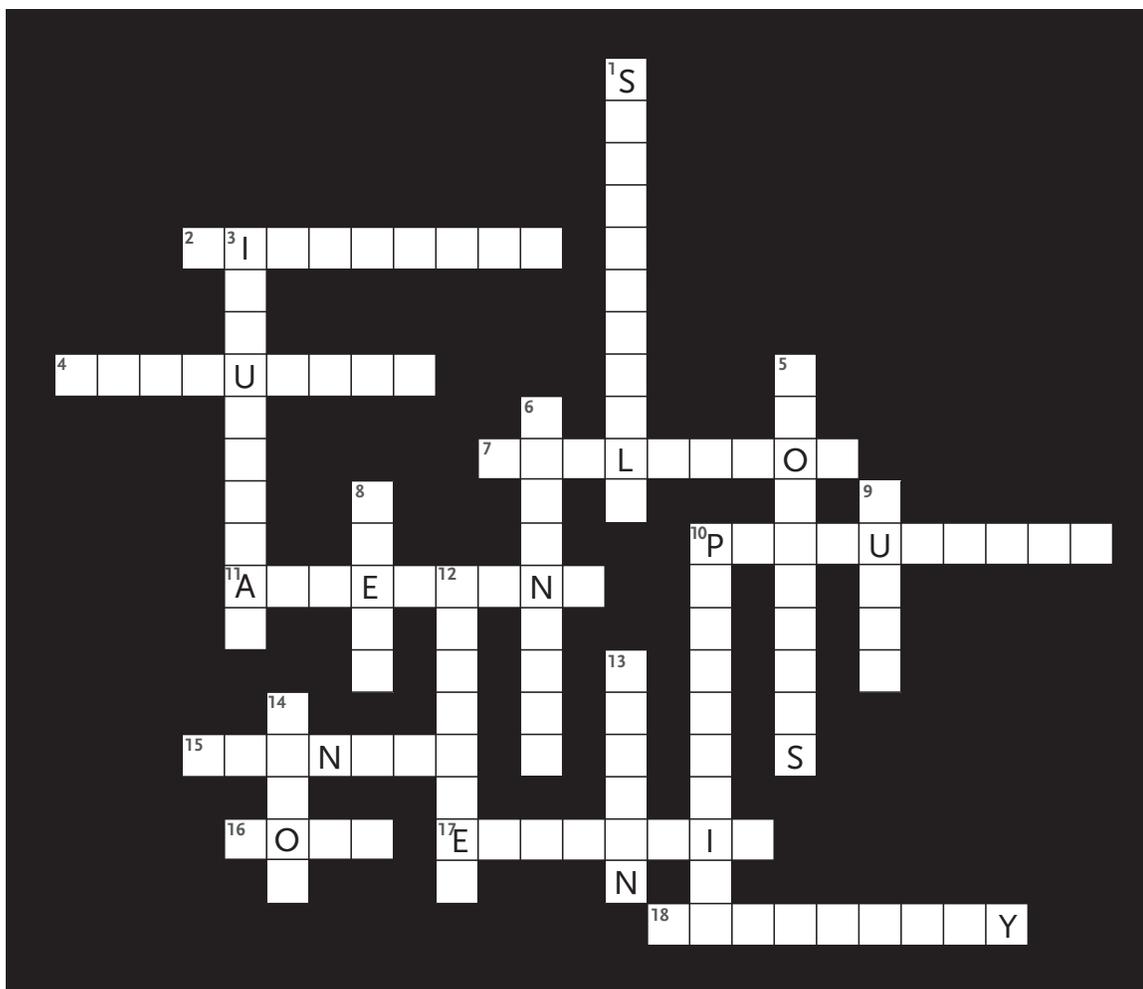
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ONLINE

1. Locate Argentina on [Google Maps](#) and explore the country. Using the quick facts section and other research tools find the following:
 - a) a mountain range
 - b) a lake
 - c) an ocean that borders it
 - d) the capital city
 - e) a neighboring country to the west
2. Read past articles from [Canadian Geographic](#) that highlight sustainability themes.
3. Search #sustainability in Twitter and learn three new things.
4. Watch Ray Anderson speak about [the business of logic sustainability](#).
5. Visit the [Jane Goodall Institute of Canada](#) and learn about their latest sustainability projects.
6. Learn more about the [International Development Research Centre](#).
7. Visit the [Canadian Wildlife Federation](#) to explore sustainability in Canada.
8. Read about this [sustainable Canadian clothing company](#) that received a free advertising campaign built by Google.

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CROSSWORD:

Across

2. Providing funds
4. People who buy goods
7. The contamination of air, water, or soil by harmful substance
10. Making something to sell
11. A country in South America
15. Professor in Buenos Aires
16. Rapid progress and economic prosperity
17. The process by which goods and services are produced, sold, and bought
18. A difference between two opposite things

Down

1. Methods that have minimal long term effects on the environment
3. Producing goods
5. Specialists in economics
6. A confusing or difficult problem
8. Preserve environmental quality
9. Materials that are burned to produce heat or power
10. Senior program specialist
12. Manufacturing of cloth
13. Found in coal and petroleum
14. Economist and principal researcher