

Business & Society Special Issue

New Perspectives on Bottom of the Pyramid Strategies

Guest editors

Nikolay A. Dentchev
Vrije Universiteit Brussel, Belgium

Alain Verbeke
U Calgary, Canada

Jeremy Hall
Nottingham U, UK

Laura Michelini
LUMSA U, Italy

Jenny Hillemann
Vrije Universiteit Brussel, Belgium

A substantial part of the world population lives at the “bottom of the pyramid” (BOP). More than 700 million people, or 10.7% of the world population, live in extreme poverty, with an income of less than 1.9 USD per day (World Bank Group, 2016). When using a threshold income of 2.5 USD per day to define poverty, more than 3 billion people, or more than 40 % of the world population, can actually be considered as living below the poverty line. Poverty alleviation has been addressed by sociologists, political scientist and economists, but in his seminal work, CK Prahalad (2005), a strategic management scholar, developed an appealing new perspective to solve BOP problems. He called upon multinational enterprises (MNEs) to address the issues facing the poor and suggested that they could benefit from the market potential represented by the BOP’s potential customer base. In addition to creating market potential, engagement with the BOP would supposedly lead to increased innovativeness inside the MNE (Hart and Sharma, 2005; Michelini, 2012). Unfortunately, in spite of this ‘doing well by doing good’ perspective, BOP markets have remained largely untapped by MNEs (Karamchandani et al., 2011).

With the present call for papers, we would like to celebrate the upcoming 20th anniversary of the BOP conceptualization by Prahalad and Hart (1999), while at the same time inviting a variety of novel approaches to BOP poverty alleviation. Here, Kolk et al.’s (2014) literature review of the first decade (2000 – 2009) after Prahalad and Hart’s (1999) work, suggested that the majority of initiatives at the BOP were initiated by entrepreneurs, NGO and governments, rather than by MNEs They explicitly call for a:

“better understanding of the different roles that large and small MNEs, large and small domestic companies, social entrepreneurs, and non-for-profit organizations can play in BOP initiatives.” (p. 353)

Hence, this special issue will encourage scholars to elaborate on new perspectives of BOP strategies for poverty alleviation. We expect new perspectives to be developed from at least three different directions, namely social entrepreneurship, BOP business models, and governance (which do not constitute an exhaustive list). Below, each of these three themes is briefly described.

SOCIAL ENTREPRENEURSHIP

The recent special issue of Hart et al. (2016) in *Organization & Environment* extends the MNE perspective of BOP strategies toward entrepreneurship, grassroots / social innovation and systemic innovation. Here, the entrepreneurial perspective is clearly discussed, but social entrepreneurship as a tool for addressing BOP issues remains underexplored. The potential of social entrepreneurs to contribute to BOP strategies is highlighted in Zahra et al.’s (2009) typology, especially where they describe social entrepreneurs with the most significant impact, the so-called “social engineers” who:

“...act as prime movers of innovation and change, engendering “gales of creative destruction” to destroy dated systems, structures and processes to be replaced by newer and more suitable ones. By fracturing existing and often dominant institutions and replacing them with more socially efficient ones, Social Engineers can have a profound influence on society. Consequently, they can be a powerful force for social change. This is especially true where entrenched incumbents and prevailing practices have become formidable barriers to reform. Given the “systemic” nature of the problems they target, Social Engineers often attack national, transnational or global social issues.” (p. 526)

The above view suggests that the most ambitious social entrepreneurs aim to resolve the most challenging societal issues, including BOP related challenges. Although the prime focus of social entrepreneurs might be addressing social issues in their local communities, some challenges are universal, and generic, best-practice solutions can be further tailored to different contexts. In this vein, recent studies have pointed out that international social entrepreneurship is a relatively new concept, defined as:

“the process of creatively discovering and exploiting social entrepreneurial opportunities overseas with the application of business expertise and market-based skills, with innovative social goods and services, either with or without profit orientation, but with the pivotal objective of creating societal value rather than shareholder wealth in the overseas territories where the enterprise functions” (Tukamushaba et al., 2011, p. 286).

In other words, we can expect social entrepreneurs from BOP markets to have an impact through disruptive social innovations in developed economies. Microfinance, for example, became a worldwide practice, embraced in western economies, though it was initiated by Grameen Bank in Bangladesh. Alternatively, social enterprises from the western countries can organize solutions for BOP issues, based on specialised knowledge. There are many examples such as Close the Gap

(computers written-off in the west receive a second life in the south), Apopo (detection of landmines and tuberculosis with rats), Waka Waka (solar technology lighting), and Mobile School (mobile school for streetkids), to mention only a few. This leads us to the following list of questions:

- What are the critical success factors of social enterprises with the ambition to resolve BOP issues at the global level?
- What are the enabling factors and barriers for “born global / BOP” social enterprises?
- How can social enterprises collaborate across national borders?
- What is the role of immigration in developing international/transnational social enterprise ventures (SEVs)? What are the antecedents, successful factors and effects of these enterprises in addressing BOP outcomes?

BOP BUSINESS MODELS

The BOP Global Network, coordinated by Professor Hart, arguably reflects best how BOP strategies can be made actionable. In its call to join the network, it invites “companies, NGOs, entrepreneurs, multilateral organizations, and academics”. And most of the time, one could expect that a joint effort of all those parties will be necessary to generate solid BOP strategies (Kolk et al., 2014). Webb et al. (2009) argue that MNEs should partner with NGOs to mitigate institutional voids. Sharma et al. (1994) show that MNEs can be a strategic bridge between international development funding agencies, local governments and entrepreneurs. At the conceptual level, cooperation among various actors in BOP environments is nothing new. Yet, such cooperation proves apparently quite difficult, due to institutional voids or overkill, knowledge asymmetries, cultural differences, motivational challenges, resource incompatibilities, and sometimes even moral hazards.

Overall, the cooperation between multiple stakeholders requires business model analysis at the meso and macro levels. A joint effort, with multiple logics, and depending on shared value creation, is most likely characteristic for complex business models in BOP markets. Arguably, BOP is faced with wicked problems that are considered with the very existence of the population, i.e. health, food, shelter, and education. Hence, these issues require profound, systemic and sustainable solutions. This view resonates with Boons and Lüdeke-Freund’s (2013) assertion to study how business models can lead to systemic innovations. Also Schaltegger et al. (2016), in a recent guest editorial stress on the necessity to study further business models for sustainability leading to industry transformations, learning-action networks, and cooperative arrangements. Overall, business model thinking seems to be a helpful lens to understanding the motivation of various stakeholders (Magretta, 2002) in the implementation of BOP strategies. The above leads us to the following list of questions:

- What business models are suitable for the BOP, and why?
- How can one build ecosystems in support of BOP business models?
- How to manage, scale and innovate BOP business models?
- How do digital technologies create new opportunities for BOP business models?
- How does the sharing economy enable new forms of BOP business models?

GOVERNANCE

Effectively solving wicked BOP problems requires effective governance. Here, government undoubtedly has an important role to play (Albareda et al., 2007, Dentchev et al., 2017, Moon, 2002).

While various initiatives (from MNEs, NGOs, social entrepreneurs, entrepreneurs) could lead to creative solutions, governments can play a material role in facilitating the establishment of ethical norms, but also through formal institutions. It can support the development of BOP initiatives and business models, and perform the role of catalyst.

Borrowing from CSR governance (Steurer, 2013), BOP initiatives will require not only government regulations, but also self regulation at the industrial and organisation levels as well as civil regulation. While comprehensive typologies for governance exists, the coordinating mechanisms to steer across governance levels and across jurisdictions require further research. BOP strategies aim at resolving complex and international issues, involving variety of partners and motivations to be engaged. Hence, the topic of governance can help us understanding the key success factors of BOP strategies. In addition to success stories, scholars may want to focus on unravelling data of failed BOP strategies that seem to be abundant, and thus contribute to solid understanding on the phenomenon. This leads us to the following list of questions for BOP poverty alleviation:

- Different types of governance mechanisms: formal versus informal institutions to govern BOP initiatives?
- How to manage institutional voids versus institutional ‘overkill’ in designing BOP solutions?
- What are the new types of firm-government interactions at the BOP?
- What are the new types of firm-NGO interactions in BOP strategies?
- What are the new types of inter-firm collaboration in BOP strategies?
- How to guide asymmetrical network governance for the BOP?
- How to organize the governance of global value chains (GVCs) for BOP value creation?

Overall, with this call for papers, we solicit contributions with scholarly rigor and practical relevance. We welcome the submission of theoretical, empirical and conceptual papers. This special issue especially likes to encourage submissions that study BOP strategies from novel theoretical perspectives. In addition to commonly used lenses of the resource-based view (RBV), transaction cost economics (TCE), entrepreneurship, and stakeholder theory, scholars may consider to study the phenomenon from the perspective of stewardship theory, collaboration theory, structuration theory, public choice theory, social network theory, bio-mimicry, ecosystem theory, for example. This is not an exhaustive list, and the variety of novel theoretical perspectives can only enrich our understanding of crafting BOP strategies.

To attract papers for the special issue, we will organise a variety of dedicated paper development workshops (number to be decided). In addition, the special issue will be advertised at a conference in Sofia (27-28 2018) on new business models, as well as at IABS and AoM. Presentations at these conferences or workshops are encouraged, but are not a precondition to submit a paper for the special issue. Since this special issue intends to celebrate 20 years from the BOP conception, we intend to invite renowned scholars such as Stuart Hart, Sanjay Sharma, Aneel Karnani, and Ans Kolk to contribute, since they can provide a visionary reflection on this field.

Timeline:

1 April 2019 – Full paper submission: Please note that the system will be open for submission only in the timeframe of one month (1 March till 1 April 2019).

Special Issue Workshops:

Paper Development Workshops will be proposed at IABS 2018 (7-10 June 2018 in Hong Kong) and at the 3rd International Conference on New Business Models (27-28 June 2018 in Sofia, Bulgaria)

Dedicated special issue workshops will be organized in the fall of 2018:

- Monday 3 Sept. 2018 in Brussels (Belgium) and
- Friday 23 Nov. 2018 in Rome (Italy).

Attendance to these workshops is recommended, but not a prerequisite for submission to the special issue.

Submission process:

Prior to submission, please read carefully the submission guidelines of Business & Society:

<https://us.sagepub.com/en-us/nam/business-society/journal200878#submission-guidelines>

Please submit your paper in the timeframe 1 March 2019 and 1 April 2019 electronically via <https://mc.manuscriptcentral.com/bas> while indicating submission to the special issue “New Perspectives on Bottom of the Pyramid Strategies”.

About the journal:

Business & Society is one of the leading journals at the intersection of business and issues of social responsibility, ethics and governance. It is published by SAGE and its current two-year Citation Impact Factor is 3.298 (2016). It was ranked 31 out of 121 journals in the Business category of the 2016 Thomson Reuters Journals Citation Report (ISI). For further details see <http://bas.sagepub.com>.

About the guest editors:

Name: Nikolay A. Dentchev

Bio: Nikolay A. Dentchev is Associate Professor of Entrepreneurship and CSR at the Vrije Universiteit Brussel (VUB) and at KU Leuven, Belgium. He holds the Solvay Business School Chair of Social Entrepreneurship at VUB, with founding partners Close the Gap, Kluwer Belgium and Euroclear. Nikolay’s research is published in various indexed journals such as Business & Society, Journal of Business Ethics, Business Ethics: A European Review. He serves occasionally as guest editor to special issues in journals such as Business & Society and Journal of Cleaner Production. Nikolay’s research interests are related to CSR implementation, social entrepreneurship, sustainable business models.

Name: Alain Verbeke

Bio: Dr. Alain Verbeke is a Professor of International Business Strategy and holds the McCaig Research Chair in Management at the Haskayne School of Business, University of Calgary. He was elected as the Inaugural Alan M. Rugman Memorial Fellow at the Henley Business School, University of Reading, and is the Editor-in-Chief of the Journal of International Business Studies. He is also an Adjunct Professor at the Solvay Business School, Vrije Universiteit Brussel (VUB). He has published more than 30 books and numerous refereed articles, including many pieces in leading scholarly journals such as JIBS, JMS and SMJ.

Name: Jeremy Hall

Bio: Jeremy Hall (D.Phil., University of Sussex, MBA and B.Sc., Dalhousie University) is the Director of the International Centre for Corporate Social Responsibility (ICCSR) and Chaired Professor of Corporate Social Responsibility/ Sustainable Business. He is also Editor-in-Chief of the *Journal of Engineering and Technology Management*, a technology and innovation management journal with a 2016 impact factor of 2.419. Prior to joining ICCSR, Jeremy was a Professor at the Beedie School of Business, Simon Fraser University (Vancouver, Canada), an Associate Professor at the Haskayne School of Business, University of Calgary (Canada), and a Lecturer at SPRU, University of Sussex (UK). Jeremy's research interests include the social impacts of innovation & entrepreneurship, sustainable supply chains and strategies for sustainable development innovation, where he has collaborated with a range of natural and social scientists. A major stream of his research is focused on innovation and entrepreneurship for social inclusion in Brazil. Jeremy's work has been published in for example *Business Strategy and the Environment*, *California Management Review*, *Ecological Economics*, *Energy Policy*, *Entrepreneurship: Theory & Practice*, *Journal of Cleaner Production*, *International Journal of Production Research*, *Journal of Business Ethics*, *Journal of Business Venturing*, *Journal of Management Studies*, *Journal of Operations Management*, *MIT Sloan Management Review*, *Research Policy*, *Research-Technology Management*, *Small Business Economics*, *Technological Forecasting & Social Change* and *Technovation*. He has been awarded over \$1.3 million in research support from for example Genome Canada and the Social Sciences & Humanities Research Council of Canada among others.

Name: Laura Micheleni

Bio: Laura Micheleni is Associate Professor in Management at LUMSA University of Rome, where she teaches Management and Social Entrepreneurship. She has worked for several years in UNICEF, where she was in charge of managing profit/not-profit global partnership. Her main research interests involve: social innovation, inclusive business models, social entrepreneurship, sharing economy and corporate social responsibility. On these topics she is authored and co-authored of over 50 publications.

Name: Jenny Hillemann

Bio: Jenny Hillemann (PhD, Vrije Universiteit Brussel) is a postdoctoral fellow at Vrije Universiteit Brussel, Belgium. She is a Visiting Fellow in International Business and Strategy (2016-2019) at Henley Business School, University of Reading, UK. Her research includes the managerial analysis of multinational enterprise strategy and the broader governance challenges facing international firms. To date, her research contributions have been published as edited book chapters in well-known book series, and refereed articles in leading scholarly journals such as *MBR*, *IBR* and *JIBS*.

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