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The Evolving Perspectives of Strategies at the Bottom of the Pyramid: A Systematic Review of the Bottom of the Pyramid Model

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ABSTRACT

This paper reviews the evolution of the Botton of the Pyramid (BoP) concept, initially proposed by C.K. Prahalad as a means for corporations to find fortune while addressing poverty. It traces the development from BoP 1.0, which viewed the BoP community purely as a consumer market, to BoP 2.0, which emerged due to ethical concerns and emphasized co-creation and partnerships. The latest evolution, BoP 3.0, highlights sustainability, influenced by growing social and environmental concerns and institutional pressures. The study systematically synthesizes literature showing how the concept adapts to changing demands and conditions at the BoP and provides a theoretical foundation and insights valuable for policymakers, multinational corporations, non-governmental organizations, and other stakeholders at the BoP. It also critically examines existing theories, identifies areas for further research, and lays the groundwork for further empirical studies. Therefore, this systematic review advances the understanding of the BoP concept and its practical implications.

1.0 Introduction

Inclusive business traces its origins back to 2001 when strategy expert C. K. Prahalad highlighted the potential opportunities and fortunes at the bottom of the pyramid (BoP). Prahalad and Hart (2002) encouraged corporations to target the untapped market of 4 billion low-income consumers in developing countries. This sparked intense discussions among academics, researchers, development organizations, non-governmental organizations (NGOs), and business executives, leading to concrete market exploration initiatives. Consequently, strategies for BoP business and the concept of inclusive business emerged. However, although Prahalad is credited with drawing attention to the BoP community, the term "inclusive business" was coined by the World Business Council for Sustainability (Likoko & Kini, 2017). The model has evolved from separating corporations' economic and social goals to integrating them to alleviate poverty. Inclusive business is a relatively new concept in

business management literature that has developed over the past two decades, focusing on the economically disadvantaged and resource-constrained segments of the world's poorest population.

In the late 1990s, skepticism about the effectiveness of official development assistance (ODA) as a means of poverty alleviation for the BoP led to a growing interest in considering multinational corporations (MNCs) as a pathway for inclusive capitalism and mutual value creation. Consequently, Prahalad and Hart (2002) dismissed philanthropy, direct aid, and corporate social responsibility (CSR) as foundations for poverty alleviation at the BoP. Instead, they proposed a concept that harmonized the traditional profit-maximizing goals of MNCs with value creation for local communities and other stakeholders. The core thesis of the original BoP framework was that MNCs could contribute to poverty alleviation by engaging the BoP population to provide them with affordable products and services or by sourcing products from the BoP (Prahalad & Hart, 2002; Simanis, 2012). Unlike other market-based approaches like social entrepreneurship, the BoP framework requires the participation of a for-profit organization from outside the BoP periphery to engage with the BoP population in selling and sourcing products. However, while Prahalad and Hart (2002) offered a pragmatic and economic rationale for MNCs to engage with the BoP community, others provide ethical (VanSandt & Sud, 2012), moral (Hahn, 2012), and humanistic decentered stakeholder (Calton et al., 2013) arguments to developing models for engaging the BoP profitably.

Nonetheless, with what started as an article in a practitioner-oriented management journal, the Harvard Business Review, Prahalad's proposition has attracted considerable attention among researchers and practitioners. It has become a dominant concept for developing business models targeting the world's poorest segments as consumers, producers, and entrepreneurs. Thus, the BoP, which originated with the works published in practitioner-focused journals, has now gained acceptance in academic literature (Khandker, 2023). Initially, the publications on BoP were more relevant to practitioners. However, discourse has evolved over the years, and recent studies have an academic focus that links concepts like social capital, institutional voids, ethics, sustainability, and collaboration between entities to the BoP concept. This discourse has evolved over the past two decades from BoP 1.0, which viewed people with low incomes merely as consumers (Prahalad & Hart, 2002), to BoP 2.0, which focuses on the roles the poor can play as distributors, suppliers, and entrepreneurs in the value chains of MNCs (Karnani, 2009; Simanis & Hart, 2009). Further, most recently, the discourse has evolved to BoP 3.0 (Cañeque & Hart, 2017; London, 2016), which builds on the engagement models emphasized in BoP 2.0 by integrating a triple-bottom-line (TBL) perspective along with environmental sustainability concerns into BoP initiatives.

This review traces the evolution in the thematic focus of publications on the BoP approach from its original inception, assessing the trends in the domain and taking stock of the state of knowledge in this domain of inquiry. As such, the paper makes two significant contributions to the field by providing a theoretical foundation and framework development of the BoP concept to date and by delivering a critical analysis and synthesis of the literature that provides an advanced understanding and a guide for future research. This is done, especially with particular attention to the systematic literature reviews (SLR) done by Follman (2012), Kolk et al. (2014), and Dembek et al. (2020). In this manner, the study offers a conceptual review of the evolution of BoP theory, outlines the methodology used for article selection, and discusses the findings. It concludes with a summary of the progress made to date and identifies current trends and opportunities for future research.

2.0 Literature Review

2.1 The Emergence of Bottom-of-the-Pyramid Theory

The idea of doing business at the BoP emerged in the 1990s in parallel with the introduction of Structural Adjustment Programs (SAPs), deregulation, privatization, and liberalization of trade and investment in most developing countries. The term BoP business was first introduced by Prahalad (Prahalad & Hart, 2002), and it refers to doing business with the poorest people at the bottom of a socioeconomic pyramid stratified by income. While there is no agreed cut-off point of the BoP in academic literature, it is defined as the market consisting of over 4 billion people living on less than $2 per day (Prahalad, 2012) or as the population with an annual per capita income of less than $3000 in purchasing power parity (World Resources Institute, 2007). The majority of the BoP population is in China, India, and Africa, and despite this market being worth over $5 trillion, the opportunities in this market were not explored until the 2000s.

Another reason practitioners and academicians started paying attention to the BoP was the growing influence of MNCs, the expansion of foreign direct investment (FDI) into developing countries, and the failure of years of official development assistance (ODA) to produce desired results in poverty alleviation. Thus, it was viewed that the development agenda could be conducted more efficiently using private finance and technology, particularly with the help of MNCs (Ansari et al., 2012; Halme et al., 2012). In this regard, a corporate BoP business strategy can now be viewed as representing a form of creative capitalism (Kinsley, 2008; Desai, 2014), wherein business is conducted to pursue economic outcomes by seeking new growth markets while solving social challenges in these markets. Against this background, MNCs sought to apply the business perspective to addressing the pressing issue of poverty alleviation by providing goods and services that meet the needs of the poorest, thereby leading to the emergence of BoP businesses.

2.1.1 Addressing the Poverty Penalty and Paternalistic Approaches

The initial wave of BoP (Bottom of the Pyramid) businesses involved multinational corporations (MNCs) adapting their value propositions and offering lower prices to make them accessible to the BoP market. This effort aimed to eliminate the BoP penalty, which refers to the multiple disadvantages faced by those living in poverty, such as lack of access to basic necessities like food, water, electricity, clothing, health, and sanitation (Prahalad, 2008). Consequently, the first generation of BoP businesses concentrated on transforming existing business models to establish a fair market for impoverished individuals. Models designed to overcome the poverty penalty and achieve the three A's - accessibility, affordability, and availability (London & Hart, 2004; Prahalad, 2008) - were implemented to increase the net income and living standards of the BoP while simultaneously creating opportunities for MNCs. This strategy to address the BoP market, which aimed to reduce poverty through consumption, became known as BoP 1.0.

BoP 1.0, spanning from 2002 to 2006, was marked by foundational studies such as those by Prahalad and Hammond (2002), Hart and Christensen (2002), and London and Hart (2004). These studies established the core literature on the BoP market, viewing it as a consumer base and a potential growth area for multinational corporations (MNCs). Despite a limited number of publications during this period, key themes emerged around market opportunities and strategies to leverage the low-margin, high-volume characteristics of the informal market at the bottom of the pyramid. Publications highlighted various business models, including micro-distribution and retail, which utilized local outlets where BoP consumers made small, frequent purchases, such as telecommunication companies selling airtime. Case studies, like Ahmad et al. (2004), demonstrated that even

though the BoP market segment was disorganized, it could be a compelling entry point for MNCs to penetrate other levels of the pyramid. However, BoP 1.0 faced significant challenges, as many ventures struggled to generate satisfactory returns or achieve sufficient scale to effectively address the needs of the poor. A common factor in these shortcomings, as noted by Simanis and Hart (2008), was the predominance of outside-in initiatives that carried paternalistic attitudes and elements of cultural imperialism, often disregarding the traditions and cultures of host countries.

2.1.2 Evolution from Value Proposition Adjustments to Mutual Value Creation

The modest successes of BoP 1.0 led to the development of the next generation of BoP strategies, known as BoP 2.0, which involved partnering with the poorest communities. The key feature of BoP 2.0 (generally considered to span from 2007 to 2015) was a fundamentally new approach to co-creating products and other value propositions (London et al., 2010; Nahi, 2016), shifting from selling to the poor to business co-venturing with the poor. While inclusive capitalism and mutual value remained central to the BoP 2.0 perspective, there was a stronger emphasis on co-creating value and addressing social and environmental issues at the BoP. Thus, BoP 2.0 not only involved incorporating the BoP into global value chains and collaborating with them to co-create entirely new markets and business models, but it also promoted innovative, culturally embedded, and socially and environmentally sustainable inclusive business models. For instance, Linna (2013) suggests that BoP 2.0 encourages bottom-up innovation, reverse innovation, and the development of environmentally sustainable technologies through leapfrogging, where innovative products from the BoP flow back to developed countries.
Despite its advancements, BoP 2.0 faced several criticisms and challenges. Similar to BoP 1.0, BoP 2.0 was criticized for fostering unsustainable consumption behaviors, an issue it was expected to resolve according to Prahalad's initial proposition (Prahalad & Hart, 2002). Critics like Smith and Pezeshkan (2013) argued that the BoP segment remained vulnerable to exploitation. Without adequate emphasis on legal, regulatory, and social mechanisms, along with other institutional safeguards, the BoP was not sufficiently protected from the influence of MNCs. This lack of protection led to calls for further evolution of BoP strategies to address the challenges faced by the BoP in a sustainable manner while still ensuring corporate profitability. Critics emphasized the need for a balanced approach that would foster inclusive growth and incorporate robust regulatory and social frameworks to safeguard the interests of the BoP communities. This approach would require businesses to adopt more ethical and sustainable practices, ensuring that the benefits of economic activities are equitably distributed and that the BoP is empowered rather than exploited.

2.1.3 Evolving Strategies for Sustainable Development and Corporate Profitability

In response to the shortcomings of BoP 1.0 and building on the advancements of BoP 2.0, Cañeque and Hart (2017) recently proposed BoP 3.0. It was recognized that businesses needed to evolve further to effectively tackle the social challenges faced by the BoP while maintaining corporate profitability. BoP 3.0 represents a new conceptualization of BoP strategies for multinational corporations (MNCs), where the co-creation of products and services among MNCs, non-governmental organizations (NGOs), and BoP communities is integrated with the entrepreneurial activities of the BoP (Pansera & Martinez, 2017; Pedrozo, 2015). Additionally, calls from international development organizations and NGOs have created significant institutional pressures for the private sector to take a more active role at the BoP. For instance, the Sustainable Development Goals (SDGs), adopted at the UN Summit in 2015, established 169 specific goals for 2016 – 2030, influencing how corporations conduct business. Hasegawa (2022) identifies various environmental issues, including climate change, energy, and ecological systems, as some of the goals to be embedded in BoP business strategies.

Furthermore, the Global Reporting Initiative (GRI) of 2016 and the 2022 SDG Impact specify new sustainability reporting standards and criteria for assessing how investments impact the achievement of the SDGs. Therefore, BoP 3.0 aims to create innovative, culturally embedded, and socially and environmentally sustainable inclusive business models that drive profitability and contribute to the long-term well-being of BoP communities. By incorporating the BoP's entrepreneurial activities and aligning business strategies with global sustainability goals, BoP 3.0 seeks to create mutually beneficial partnerships and foster inclusive growth.

2.1.3.1 Innovation and Entrepreneurship at the BoP

Recent developments in BoP 3.0 have significantly influenced academic literature, sparking interest in new perspectives, such as innovation and entrepreneurship studies at the BoP. For example, Molina-Maturano et al. (2020) explore the intersection of entrepreneurship and innovation, emphasizing how constraint-based and frugal approaches can drive sustainable development while addressing BoP needs. Agarwal et al. (2016) also delve into frugal and grassroots innovations, while Pansera and Martinez (2017) present three approaches: bricolage, frugal, and grassroots innovation. These scholars advocate for embedding poverty alleviation solutions within local entrepreneurs' and communities' networks. While embedding poverty solutions is gaining traction in BoP scholarship, there is limited substantive knowledge on its implementation. Reficco and Márquez (2012) conducted a study evaluating nine networks that integrate BoP entrepreneurs, generating several propositions across three key areas: alliance formation, alliance implementation, and performance outcomes. They provide valuable insights into the benefits of alliance building for BoP ventures, highlighting that alliances offer skilled labor and access to capital, both of which are scarce at the BoP.

Other studies have delved into specific facets of BoP 3.0, further enriching our understanding of its application and impact. For instance, Khalid and Seuring (2019) and Rehman et al. (2020) have explored supply chain management within the BoP context, examining how effective supply chains can be developed to support BoP markets and ensure the smooth flow of goods and services. Innovation is another critical area of focus. Farooq (2017) investigates how innovative practices can be fostered within BoP communities, highlighting the role of creativity and resourcefulness in developing solutions tailored to the unique challenges faced by the BoP. Positive social change is also a significant theme, with Stephan et al. (2016) examining how business strategies can be designed to generate social benefits alongside economic gains. Their work underscores the importance of aligning business objectives with the broader goal of improving the quality of life for BoP communities.
Lastly, sustainable development remains a cornerstone of BoP 3.0. Du et al. (2021) discuss how BoP strategies can contribute to sustainable development goals, emphasizing the need for environmentally and socially responsible business practices that support long-term growth and sustainability. These studies collectively provide valuable insights into the diverse ways BoP 3.0 can be implemented and the factors that must be considered to ensure its success.

2.1.3.2 Business Ecosystem

Letaifa and Reynoso (2015) expand on embedding poverty alleviation solutions at the BoP by advocating for the development of ecosystems. They propose shifting from a top-down approach to a multi-actor framework emphasizing social embeddedness, co-creation with local communities, and multi-dimensional value creation at the BoP. According to Clarysse et al. (2014), a business ecosystem is an economic community comprising many loosely connected participants. In the context of the BoP, this ecosystem includes various participants such as MNCs, NGOs, technology and micro-finance institutions, supply chain actors, and policymakers. These

relationships can be cooperative or competitive (Adner, 2017; Radziwon, 2017), with participants relying on each other while specializing in specific activities. It is important to view the business ecosystem as the foundation for innovation, where the BoP community is not merely part of a global value chain but where the MNC is seen as part of the ecosystem, embedded within the local community. In addition to the ecosystem perspective on the BoP, studies on public-private partnerships (Sato, 2016) and cross-sector partnerships (Schuster & Holtbrügge, 2014) provide valuable insights into the collaboration and interaction among various actors. These alliances offer significant benefits to the BoP community by fostering cooperation and leveraging the strengths of diverse participants.

2.1.3.3 Sustainability

Sustainability is considered the third direction of BoP 3.0 (Hasegawa, 2022). As such, BoP 3.0 broadens the perspective of the challenges faced by the BoP, from poverty reduction to sustainable development. In other words, the scholarly and practitioner view of the BoP community has evolved from being customers to being business partners and finally to entrepreneurs with a focus on sustainable business outcomes. Recent scholarship shows that there has been increasing pressure on investors to empower corporations to adopt SDGs in their business practices. This pressure originally started as socially responsible investing (SRI), which requires investee companies to manage their business affairs with an emphasis on CSR (Hasegawa, 2022). The new CSR-oriented perspective, which has accelerated towards assessing governance and the appropriateness of corporate management activities, has become known as ESG (environmental, social, and governance) investing. Incorporating governance assessments into the TBL ensures prioritizing optimal environmental, social, and governance factors (Halbritter & Dorfleitner, 2015; Van Duuren et al., 2016).

Table 2.1: *Evolution of the Bottom of the Pyramid Strategy*

	Bottom of the Pyramid Strategy		
	BoP 1.0	BoP 2.0	BoP 3.0
Business Model Themes	Sell to the Poor	Business Co-venturing	Sustainable Development
	BoP as consumer	BoP as partner	BoP as entrepreneurs
	Minimum dialogue	Enhanced dialogue	Cross-sector partnerships and networks
	Reduce poverty penalty	Social and environmental focus	Business Ecosystem
	Micro-distribution	Co-creation	Frugal, grassroots, and bottom-up innovations
	Mutual value creation	Value chain inclusion and inclusive growth	Embedded partnerships and networks
	Indirect relationships mediated by NGOs	Direct relationships facilitated by NGOs	Multifaceted stakeholder engagement
	Inclusive capitalism	Tripple bottom line	Socially responsible investing, sustainability
Authority	Prahalad & Hammond (2002), London & Hart (2004), Simanis & Hart (2008)	London et al. (2010), Nahi (2016)	Cañeque & Hart (2017), Pansera & Martinez (2017), Pedrozo (2015)

Source: Study Results (2024)

Business management and society scholars have widely embraced sustainability at the BoP, recognizing its importance in creating long-term value for businesses and communities. Studies such as Brix-Asala et al. (2016), Pansera and Sarkar (2016), and Khalid and Seuring (2019) provide contemporary insights into BoP sustainability, addressing a variety of concepts, including reverse logistics, sustainable development challenges, and supply chain management, respectively. Brix-Asala et al. (2016) focus on reverse logistics, examining how businesses can implement efficient systems for returning and recycling products to minimize waste and environmental impact. Pansera and Sarkar (2016) delve into broader sustainable development issues, highlighting the need for innovative approaches that balance economic growth with environmental and social well-being. Khalid and Seuring (2019) investigate supply chain management, exploring strategies for optimizing supply chains to support sustainable practices at the BoP. David-West (2019) also provides a practical template for entrepreneurs to coordinate interconnected actors within the mobile money ecosystem. By aligning mobile money providers toward a common goal of value creation, this study underscores the potential for collaborative efforts to drive sustainable development and financial inclusion at the BoP.

These studies collectively underscore the growing recognition of sustainability's critical role in BoP strategies, offering valuable frameworks and insights for businesses seeking to make a positive impact while achieving economic success.

3.0 Methodology

This study employs a Systematic Literature Review (SLR), a methodical and structured approach for identifying, evaluating, and synthesizing existing literature on a specific subject. It provides a thorough understanding of the current state of knowledge on the topic. Compared to a traditional literature review, an SLR offers a broader and more precise level of comprehension (Pati & Lorusso, 2018). It follows standardized methodologies and guidelines for systematic searching, filtering, reviewing, critiquing, interpreting, synthesizing, and reporting findings from multiple publications on the topic or domain of interest. The methodology is adapted from the SLRs and BoP studies by Follman (2012), Kolk et al. (2014), and Dembek et al. (2020).

3.1 Sampling Method

A review of the extant literature was conducted to address the study's primary purpose and to identify the relevant publications. However, unlike the study by Dembek et al. (2020), which utilized three databases (Business Source Complete, Web of Knowledge, and Psychinfo) and Google Scholar, this study applied convenience sampling, and only the Google Scholar database was used as a sampling frame. Google Scholar was chosen because it is a repository of various publications from various journals, which minimized the probability of duplicity and ambiguity. This also permitted the search process to create a pool of journal articles that have been validated and have undergone a peer-review process. Articles published in practitioner-focused journals such as the Harvard Business Review and related to BoP were also retained. To ensure that only high-quality published work was included, editorials, conference proceedings, reviews, extended abstracts, working papers, and newspaper articles were not considered for the study. Therefore, this process defined the article selection scope and constituted the research methodology's first stage.

The second stage involved the search for articles. Using the Boolean operators, the first keywords for the search were "Bottom of the Pyramid" AND “Multinational Corporations” for the year range 2002 to 2022, and 4,710 articles were retrieved. When the AND Boolean operator was applied to include “Inclusive Business," the

number of articles was filtered down to 690. The 690 articles were subjected to the above search scope to clean the data. Further, all duplicate and irrelevant articles were removed, narrowing the articles to 142.

Table 3.1: *Variable Codes and Descriptions*

Variable Descriptions		
Variable		Description
Classification	Name	Journal name
	Journal focus	Journal's primary discipline.
	Article type	Theoretical, descriptive, quantitative, qualitative, or mixed methods.
	Publication year	Year the article was published.
	Organization	MNCs, large local companies, SMEs, Social enterprises, and NGOs.
Content Coding	Article focus	Business opportunities, poverty reduction, or policy evaluation
	Focus on the BoP	As consumers, employees, partners, or entrepreneurs/co-creators
	Poverty mechanism	Poverty alleviation mechanisms or effects of BoP initiatives clearly
Thematic focus	Business and Poverty	How business activities impact poverty.
	Products and marketing	Consumer behavior, branding, product development, the marketing mix, and market analysis.
	Business ethics	CSR, ethical decision-making, transparency, and sustainability.
	Co-venturing	Shared value creation, inclusive business models, addressing social and economic challenges, and mutual benefits.
	Partnerships	Collaborative partnerships with MNCs, NGOs, and local communities to create inclusive business models and shared value initiatives.
	Stakeholder engagement	Active involvement of local communities, governments, and NGOs. Building trust, fostering transparency, and positive social impact.
	Innovation	Leveraging local knowledge, frugal innovation, fostering entrepreneurship, and addressing affordability and accessibility.
	Business Ecosystem	Interconnections between businesses, local entrepreneurs, governments, NGOs, financial institutions, and communities.
	Sustainability	Sustainable resource management, environmental protection, social inclusion, long-term viability, and innovation.

Source: Adapted from Dembek et al. (2020)

Regarding relevance, the publications we included needed to address the BoP in a significant manner, that is, as one of the central themes, and be based on the original conceptualization provided by Prahalad and Hart

(2002). In this respect, all articles on the BoP from other disciplines, such as international trade, science, and engineering, were removed, and only articles related to management literature were retained. In addition, previous systematic reviews on the BoP concept (Follman, 2012; Kolk et al., 2014; Dembek et al., 2020) were excluded, as they usually gather and repeat the contributions of other scholars in the field. After applying the above criteria, 116 articles were retained, and the analysis of the evolving perspectives of the BoP business was done based on thirteen articles for BoP 1.0, 41 for BoP 2.0, and 62 for BoP 3.0.

3.2 Coding

The content analysis of the 116 selected articles involved coding the features in two main ways. Firstly, each article was evaluated for basic details such as author names, year of publication, and journal name. This coding process also captured information about the type of study conducted, including article type (descriptive, quantitative, qualitative, mixed methods, etc.) and the roles of BoP communities, such as consumers, partners (employees, distributors, suppliers), or entrepreneurs. Secondly, the study identified the topics covered in each article through an inductive approach. These topics were organized into themes, which were grouped based on their relation to various aspects of developing and conducting business at the BoP. Table 3.1 presents a summary of the categories and a brief definition for each variable coded. Applying these features and themes resulted in each article being coded with multiple categories, representing a combination of features and topics.

3.3 Data Analysis

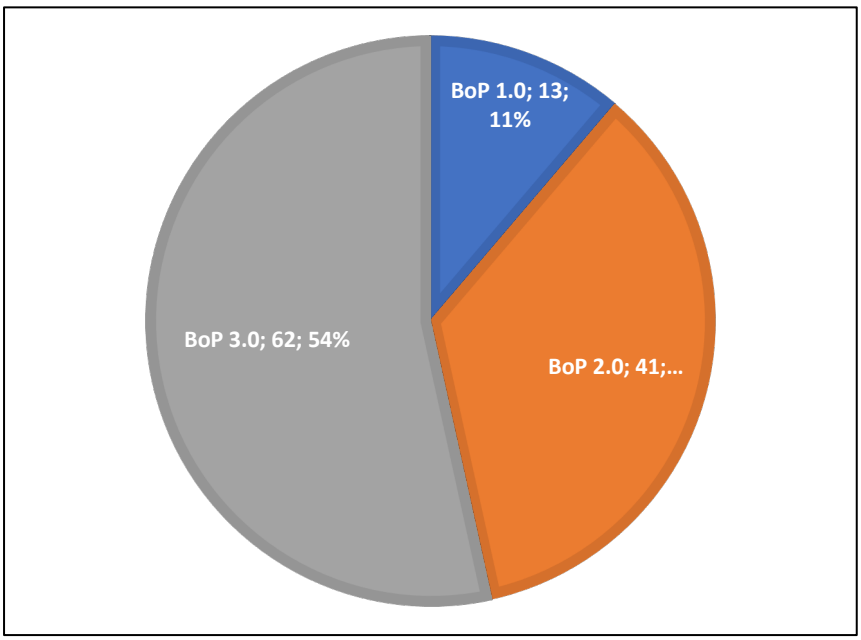
In addition to generating frequencies and contingency tables to pinpoint key themes and track the field's evolution from 2002 to 2022, the study employed thematic analysis (TA) to explore associations among the coded categories. Thematic analysis is a qualitative research method employed to discern, scrutinize, and interpret patterns or "themes" within qualitative data (Braun & Clarke, 2006). This method examines data such as interview transcripts, survey responses, and other textual material to uncover recurring themes that shed light on the research question. While thematic analysis is often used to describe or summarize key patterns in the data, Braun and Clarke emphasize that a robust thematic analysis involves more than merely reporting what is present; it requires crafting an interpretative narrative about the data about the research question. This analysis was carried out using NVivo for the thematic analysis and SPSS 28 for the descriptive analysis.

4.0 Results and Discussion

4.1 Descriptive Analysis

This review of the BoP literature from 2002 to 2022 has offered some valuable insights into the evolution of this field of interest. Of the 116 articles reviewed in this study, 13 (11%) are from BoP 1.0, 41 (35%) are from BoP 2.0, and 62 (54%) are from BoP 3.0. The fact that most articles were published in BoP 3.0 indicates that the concept has gained widespread acceptance since Prahalad and Hart’s seminal paper was published in 2002. There has been a quantum increase in the number of publications, especially in the second decade of the period under review. However, the most impactful work referenced is from 2002-2006, particularly Prahalad's initial conceptualization of the BoP in 2002. These results also resonate with the findings of Dembek et al. (2020). Further, these initial studies were first generated in practitioner-focused journals, notably the Harvard Business Review, but numerous studies have been conducted in academic journals over the years. The review shows that in addition to management journals, recent focus has shifted towards publications in journals on marketing, ethics, innovation, entrepreneurship, and international business.

Figure 4.1: *Evolution of the Bottom of the Pyramid Strategy*



Source: Study Results (2024)

In the first generation phase, BoP 1.0 (2002-2006), the main themes emerging are marketing, development, products, resources, management, infrastructure, strategies, and opportunities. It is evident that this period focuses on the BoP community as consumers. Most models developed during this period attempt to modify existing goods and services and offer them to the BoP markets at low and affordable prices. Despite its many attempts, BoP 1.0 had limited success in alleviating poverty and guaranteeing profitability for the MNCs. Firstly, the BoP consumer was assumed to be *homo economicus* and, as such, would make rational decisions on consumption, i.e., save money when offered the opportunity for low-priced products and, therefore, be elevated from poverty. This assumption needed to be revised. One revelation from this review is that there are limited empirical studies that can assist in understanding the consumption patterns at the BoP and inform the assumption. Another observation is that NGOs at the time were seen as adversaries to most MNC subsidiaries, leading boycotts in protests against issues like environmental degradation, imperialism, and child labour in developing countries. With BoP 1.0 relying on the basic-needs approach, outside-in strategies, and a historical adversarial relation between MNCs and NGOs, whose partnership is critical in both business and the development agenda, it was a sure thing BoP 1.0 would have limited success.

Therefore, reflecting on the modest success of BoP 1.0, the next generation of BoP strategies emerged, which started raising ethical questions about selling to the poor and, therefore, started advocating integrating social views into the BoP business models (Davidson, 2009; Hahn, 2009; Garrette & Karnani, 2010). As such, a new perspective involving the co-creation of products and services emerged, prioritizing partnering with the BoP communities. In this case, co-creation entails collaborating with local companies, NGOs, and other actors at the BoP to create a fortune with the BoP and enable a deep process of social transformation (Nahi, 2016). The review reveals a BoP transformation, shifting from a mere marketplace to a production base and even a source of innovation. Therefore, it is not surprising that the new themes in BoP 2.0 are social, local, services, shared value, innovation, and community. It is also observed that the transition to BoP 2.0 was not only driven by the corporation's efforts to overcome the flaws in BoP 1.0 but also by institutional pressures (SDGs, GRI, etc.) on

MNCs to emphasize the social and environmental aspects of doing business. The advances in BoP 2.0 lay the foundation for the successes of BoP 3.0, whose primary focus is sustainability, focusing on open and frugal innovation, business ecosystems, and sustainable development.

4.2 Thematic Analysis

Through thematic analysis, the thematic focus of the BoP strategies and the evolution of the BoP community's role was evaluated from 2002 to 2022. The results were then categorized into three distinct BoP strategies for more straightforward analysis: BoP 1.0 (2002 to 2006), BoP 2.0 (2007 to 2015), and BoP 3.0 (2016 to 2022). This way, the recurring topics or ideas that emerged from the data were organized to highlight their importance.

4.2.1 Thematic Focus

Through thematic analysis, the thematic emphasis of the articles was evaluated. The study applied an inductive approach for nine different content areas, summarized in Table 3.1. The results shown in Table 4.1 indicate that business and poverty alleviation at 27 (23%) dominate the main themes of the BoP literature, followed by products and marketing at 16 (14%). This indicates that the BoP community is still considered a consumer market in terms of its interaction with MNCs. This resonates with the strategic thrust of most MNCs in BoP 1.0. However, business ethics (11%) and stakeholder engagement (11%) are third-placed and in line with the concerns raised in BoP 2.0 about the lack of institutional safeguards to protect the BoP from exploitation by corporations. However, contrary to the expectations aligned with the BoP 2.0 approach, there was not an increased focus on partnerships. Instead, the thematic emphasis remained relatively consistent between 2002 and 2022.

Table 4.1: *Theme focus of the BoP strategy*

		BoP Strategy							
		BoP 1.0		BoP 2.0		BoP 3.0		Total	
		N	%	N	%	N	%	N	%
Theme focus	Business and Poverty	5	38%	11	27%	11	18%	27	23%
	Products and marketing	4	31%	9	22%	3	5%	16	14%
	Business ethics	1	8%	4	10%	8	13%	13	11%
	Co-venturing	0	0%	6	15%	5	8%	11	9%
	Partnerships	2	15%	5	12%	6	10%	13	11%
	Stakeholder engagement	1	8%	3	7%	8	13%	12	10%
	Innovation	0	0%	1	2%	7	11%	8	7%
	Business Ecosystem	0	0%	0	0%	6	10%	6	5%
	Sustainability	0	0%	2	5%	8	13%	10	9%
		13		41		62		116	100%

Source*:* Study Results (2024).

On the other hand, the number of articles with a thematic focus on innovation, business ecosystems, and sustainability has increased. For instance, the focus on innovation saw significant growth, moving from zero in BoP

1.0 to 11% in BoP 3.0. This indicates a rising interest in how innovative solutions can address challenges at the BoP. Similarly, the emphasis on business ecosystems increased from zero in BoP 1.0 to 11% in BoP 3.0. This shift highlights the importance of understanding and leveraging interconnected businesses to create sustainable value for the BoP.

Furthermore, the thematic focus on sustainability grew from zero to 13% in BoP 3.0. This underscores a growing recognition of the need for sustainable practices and solutions that can benefit both the environment and the communities at the BoP. These trends suggest a broader and more holistic approach to addressing the needs and challenges of the BoP, integrating innovation, business ecosystems, and sustainability into the conversation.

4.2.2 Evolution of the BoP Community

Similarly, using thematic analysis, the evolution of the BoP community's role in relation to the MNCs was evaluated.

Table 4.2: *Evolution of the Bottom of the Pyramid Strategy*

		BoP Strategy							
		BoP 1.0		BoP 2.0		BoP 3.0		Total	
		N	%	N	%	N	%	N	%
Role of BoP Community	Consumers	8	62%	16	39%	20	32%	44	38%
	Employees	4	31%	11	27%	15	24%	30	26%
	Partners	1	8%	8	20%	12	19%	21	18%
	Entrepreneurs	0	0%	5	12%	11	18%	16	14%
	All others	0	0%	1	2%	4	6%	5	4%
		13		41		62		116	100%

Source: Study Results (2024)

The results from Table 4.2 indicate that the Base of the Pyramid (BoP) is still predominantly seen as a consumer market, with 44 out of 116 articles (38%) supporting this view. This is followed by their focus as employees (26%), partners (18%), and entrepreneurs (14%). However, the thematic focus on BoP as consumers has significantly decreased from 62% in BoP 1.0 to 32% in BoP 3.0. Similarly, there has been a slight decline in articles viewing the BoP as employees, dropping from 31% in BoP 1.0 to 24% in BoP 3.0. In contrast, the emphasis on the BoP as partners has grown from 8% in BoP 1.0 to 19% in BoP 3.0. Moreover, there has been a notable increase in the recognition of BoP as entrepreneurs, rising from zero in BoP 1.0 to 16% in BoP 3.0. These trends highlight a shift towards a more diverse understanding of the BoP, acknowledging their roles as consumers, valuable partners, and entrepreneurs contributing to the overall business ecosystem.

4.3 Significance of the Findings

These findings hold significant implications for understanding and engaging with the Base of the Pyramid (BoP):

1) *Diversification of Roles*. The shift from predominantly viewing the BoP as consumers to recognizing their roles as partners and entrepreneurs indicates a broader and more inclusive approach. This diversification acknowledges the BoP's multifaceted contributions to the economy and society.
2) *Innovation and Business Ecosystems*. The increased focus on innovation and business ecosystems suggests a growing recognition of the importance of creating sustainable and interconnected business models that leverage the strengths of the BoP. This can lead to more resilient and adaptive economic systems.
3) *Sustainability*. The heightened emphasis on sustainability reflects a greater awareness of the need to address environmental and social challenges. By integrating sustainable practices, businesses can create long-term value for the BoP and the larger community.
4) *Empowerment*. Recognizing the BoP as partners and entrepreneurs highlights the potential for empowerment and capacity-building. This shift can lead to more equitable and inclusive economic development, where the BoP are not just beneficiaries but active participants in creating value.

Overall, these trends point towards a more holistic and integrated approach to engaging with the BoP, which values their contributions and seeks to create mutually beneficial outcomes.

5.0 Conclusion

Based on a sample of 116 peer-reviewed journal articles, this paper examined the existing literature on the BoP (Base of the Pyramid) business to analyze its evolution and assess the concept's success and models. The analysis revealed a significant increase in the number of studies on the BoP concept since its inception two decades ago. Although the core concept has remained unchanged, the associated themes have evolved over time. The study shows that BoP research has progressed from initially viewing the BoP as consumers to recognizing them as co-creators and partners and, ultimately, as entrepreneurs engaging in business with a focus on open and frugal innovation within a collaborative business ecosystem. Recent themes in BoP literature have also highlighted sustainability, emphasizing social and environmental outcomes as central to the investment plans of multinational corporations (MNCs). It has been observed that MNCs can play a more significant role in poverty alleviation, addressing the needs of the BoP, and maintaining profitability. The latest version of the BoP concept, BoP 3.0, has broadened its focus from poverty alleviation to sustainable development and isolated innovations to open innovation within an ecosystem. This evolution presents new opportunities for achieving success at the BoP.

Implications of the Study

The study highlights two practical implications and focal areas: Business strategy adaptation and innovation and sustainability focus.

1) *Business Strategy Adaptation*. Companies targeting the BoP market should expand beyond viewing the BoP solely as consumers. They should develop strategies to engage the BoP as partners and entrepreneurs. This could involve co-creating products and services with BoP communities, fostering local entrepreneurship, and building inclusive business models that leverage the capabilities of the BoP.
2) *Innovation and Sustainability Focus*. Businesses should prioritize innovation and sustainability in their operations. By investing in sustainable practices and innovative solutions, companies can create long-term value while addressing environmental and social challenges. This can lead to more resilient and adaptive business ecosystems that benefit the company and the BoP communities.

Additionally, it proposes two policy implications and focal areas: Supporting BoP entrepreneurship and promoting sustainable business practices.

1) *Supporting BoP Entrepreneurship*. Governments should implement policies that support BoP entrepreneurship and partner engagement. This could include providing financial incentives, training programs, and infrastructure development to empower BoP individuals to become entrepreneurs and active economic partners.
2) *Promoting Sustainable Business Practices*. Policymakers should create frameworks that encourage businesses to adopt sustainable practices. This could involve setting environmental standards, offering tax incentives for sustainable investments, and promoting research and development in green technologies. Such policies would ensure that economic growth at the BoP is environmentally sustainable and socially inclusive.

These implications can help drive more inclusive and sustainable economic development, benefiting businesses and BoP communities.

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