



A Systematic Review of the Bottom/Base of the Pyramid Literature: Cumulative Evidence and Future Directions

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Abstract

Sixteen years ago, Prahalad and Hart (Strategy + Business 26:2–14, 2002) introduced the possibility of both profitably serving the poor and alleviating poverty. This first iteration of the Bottom/Base of the Pyramid approach (known as BoP 1.0) focused on selling to the poor. In 2008, after ethical criticisms leveled at it, the field moved to BoP 2.0, instead emphasizing business co-venturing. Since 2015, we have witnessed some calls for a new iteration (BoP 3.0), with the focus broadening to a more sustainable development approach to poverty alleviation. In this paper, we seek to answer the question: *How has the BoP approach evolved over the past 16 years, and has it delivered on its early promise?* We conducted a systematic review of 276 papers published in journals in this period, utilizing a rigorous correspondence analysis method to map key trends, and then further examined the 22 empirical studies conducted on the BoP approach. Our results suggest that the field has evolved, passing through a number of trends and coming full circle—with our analysis pointing to more recent BoP literature emphasizing similar themes to those espoused in the initial BoP iteration (i.e., treating the BoP as consumers), rather than reflecting the principles espoused in either BoP 2.0 or BoP 3.0. Our analysis also points to a lack of clear evidence that the BoP concept has delivered on its promise either to businesses (that they can serve BoP markets profitably) or to BoP participants (that involvement by multinational corporations will help alleviate poverty).

Keywords Bottom/base of the pyramid · Correspondence analysis · Developing countries · Multinational corporations · Poverty alleviation

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Introduction

Aid-based programs designed to help lift the poor out of poverty in developing countries have been the primary poverty alleviation approach used by governments, charities, and not-for-profit organizations for much of the past 50 years (London et al. 2014; Sachs 2005). Despite the vast sums of money spent on such programs, we have not seen any long-lasting effects on a general improvement in the lives of the poor (Banae and Yandell 2006; Riddell 2007). It should come as no surprise, then, that when Prahalad and Hart (2002) first introduced the “Bottom/Base of the Pyramid” (BoP) approach 16 years ago and hailed it as a “prodigious opportunity for the world’s wealthiest companies to seek their fortunes and bring prosperity to the aspiring poor” (Prahalad and Hart 2002, p. 1), it was embraced with enthusiasm by multinational corporations (MNCs), and represented the possibility for MNCs to work as agents of change in the fight against poverty. The BoP approach’s promise of delivering new growth and profit opportunities

for MNCs while being a powerful tool in the fight against poverty made it a particularly attractive concept (Prahalad and Hart 2002), especially given that low-income (BoP) markets represent over half the world's population (Hart 2005). Despite their appeal to MNCs and large domestic firms, BoP ventures still struggle to deliver on the initial promise and the dual goal of profit creation and poverty alleviation (Simanis 2012). As Hart (2015, p. 1) argues, "...most BoP ventures and corporate initiatives over the past decade have either failed outright or achieved only moderate success at great cost." Hence, in this paper, we seek to address the primary question: "*How has the BoP approach evolved over the past 16 years, and has it delivered on its early promise?*"

Since the publication of Prahalad and Hart's (2002) paper, the BoP approach has attracted considerable interest among many researchers and practitioners, and has evolved to become an entire domain that "comprises a broad range of business models, developed by or in partnership with the private sector, and specifically designed to target the poorest segments of society as consumers, producers, and entrepreneurs" (London and Hart 2010, p. 2). The BoP approach has even led governmental bodies, non-governmental organizations (NGOs), and non-profits to shift from the traditional 'aid-based' approach to reducing poverty towards supporting BoP initiatives through policy (as in the case of governments) and to participating in or even developing their own BoP initiatives (as in the case of non-profits) (Gardetti 2006; Halme et al. 2016; Simanis and Milstein 2012).

The discourse in the literature on the BoP approach over the past 16 years has seen the focus of discussion evolve from merely viewing the poor as consumers—known as BoP 1.0 (Prahalad and Hart 2002), to discussing the roles the poor can play as entrepreneurs (including distributors and suppliers) (BoP 2.0) (Karnani 2009; Simanis and Hart 2008, 2009).

Most recently, the literature in this area has included a third iteration of the BoP approach (BoP 3.0), which builds on the engagement efforts of the local population emphasized in BoP 2.0 by integrating environmental sustainability concerns along with a triple-bottom-line perspective into BoP initiatives (Cañeque and Hart 2015; London 2016).

Ultimately, threaded throughout the various iterations of the BoP approach is the fact that doing business in low-income markets has made poverty part of the business reality that companies need to confront (Khavul and Bruton 2013). Yet, despite the great fanfare surrounding the launch of the BoP approach in 2002 and its potential to address what is arguably one of the world's most complex problems, there is little evidence to suggest that the BoP approach has delivered on its original promise of alleviating poverty through profits (Arora and Romijn 2011; Karnani 2010; Simanis 2012; Simanis and Milstein 2012), bringing into question whether MNCs and other organizations can act as agents of change in poverty alleviation efforts. Further, while the conceptualization of the

BoP approach has evolved in the literature since its original inception, we still do not know the impact of these evolved BoP activities on the poor. Given this, it is important that we take stock of the state of knowledge in this domain of inquiry and trace the evolution of the research on the BoP approach, to help us to better understand the extent to which the focus of research studies has moved beyond the BoP's original paradigm of treating the poor primarily as consumers.

This paper builds on and considerably extends the earlier reviews of the BoP approach conducted by Follman (2012) and Kolk et al. (2014). Both these review articles investigated the BoP literature in its early stages, stopping at a point shortly after BoP 2.0 was introduced in 2008. Since then, the BoP approach has further evolved and developed, with the publication of the edited volume introducing and describing BoP 3.0 in 2015 (Cañeque and Hart 2015). Academic and practitioner interest in the topic has continued to grow markedly, as evidenced by the number of both peer-reviewed articles and books published on the BoP approach since 2009. Our paper provides a more expansive systematic review of the evolution of the BoP concept through its examination of 276 papers published in peer-reviewed journals between 2002 and 2016. Our review traces the changes in thematic foci of publications, provides a quantitative assessment and a visual map of the trends in this domain, and explores whether the BoP approach has delivered on its early promise. We apply a rigorous correspondence analysis method to map the trends in research in this important area, as well as empirically examine, in greater detail, the 22 empirical studies conducted on the BoP approach in the same period. In this way, our paper makes three significant contributions to the field. First, it provides an assessment of the evolution of the concept to date. Second, it clearly identifies gaps in what has been done so far. Third, it provides a richer insight into the state of research on the BoP approach by combining elements of an empirical analysis within the literature review.

The paper is organized as follows: First, we provide a brief review of the BoP literature. Second, we discuss the methodology for our systematic review including article selection, the coding procedure, and the analytical protocols to examine the evolution of this field. Third, we discuss the results of our systematic review. Finally, we offer a summative assessment of the BoP literature in terms of what has been done so far and what remains to be done, and then discuss opportunities for future research.

Bottom/Base of the Pyramid: A Brief History

The BoP approach introduced by Prahalad and Hart in 2002 moved the role of business and entrepreneurial activities in alleviating poverty "to the heart of strategic business thinking" (Sharmin et al. 2014, p. 42). According to them, "contrary to popular assumptions, the poor can be a very

profitable market,” with the profits driven by volume and capital efficiency instead of by high margins (Prahalad and Hart 2002, p. 6). Additionally, addressing the needs in developing countries was argued to constitute an ideal testing ground for developing disruptive environmentally sustainable technologies and products able to provide a competitive advantage in the developed world (Prahalad and Hart 2002).

The core argument of the original conceptualization of the BoP framework is that the institution of business can play a critical role in alleviating poverty, not through charitable giving or other corporate social responsibility initiatives, but through engaging with that segment of society to either market their products and services to, and/or source products from the BoP (Prahalad and Hart 2002; London 2008). In contrast to other market-based solutions like microfinance and social entrepreneurship, the BoP framework requires the involvement of a for-profit organization from outside the BoP who engages with the BoP community to sell or source products (London 2008).

The BoP approach is based on the premises of both inclusive capitalism and mutual value. Inclusive capitalism brings markets to four billion of the world’s poor and enables them to participate in these markets (Prahalad and Hart 2002). It also makes the corporate sector prosper “by engaging local communities in the co-creation of business models that simultaneously generate economic, social and environmental value” (Simanis et al. 2005, p. 2). Mutual value means that companies through their business generate value simultaneously for themselves, local communities, and other parties involved (Simanis et al. 2005). This engagement by an external entity with the BoP community to create mutual value also makes the BoP approach significantly different from economic policy initiatives, such as the ones focused on creating jobs by encouraging the location of manufacturing facilities in economically distressed regions.

The fundamental premise underlying the initial iteration of the BoP approach (BoP 1.0)—i.e., “selling to the poor and helping them improve their lives by producing and distributing products and services in culturally sensitive, environmentally sustainable, and economically profitable ways” (Prahalad and Hart 2002, p. 3)—also attracted a lot of criticism on ethical grounds. Karnani (2006, p. 99) called it “at best, a harmless illusion and potentially a dangerous delusion.” Treating the poor as consumers and encouraging MNCs to pursue growth strategies in developing countries was seen as encouraging poor people to divert their already meager resources away from spending on necessities to spending on new consumer items that they might neither need nor actually be able to afford. Further, there was concern that the BoP 1.0 approach displaced local producers as Western-oriented organizations pushed to expand their businesses into these developing countries (Garrette and Karnani 2010; Newell 2008). This led to “further uneven

development in its wake” due to “the strain imposed upon the resource base and the overuse of ecological space to which others are entitled” (Newell 2008, p. 1073).

Moreover, according to Landrum (2007), the BoP 1.0 approach was about profit-driven strategies based on old theories and policy and taken from a Western perspective, meaning that companies should not be misled into thinking profit-generating strategies for entering new BoP markets are the same thing as responsible or sustainable business. In other words, applying Western business practices in developing countries is built on the false assumption that the development path of these countries will follow the same trajectory that has occurred in developed countries, and that over time, their orientation will become culturally assimilated with the Western world (London and Hart 2004; Peredo and Chrisman 2006).

The next iteration of the BoP approach—BoP 2.0—shifted from the “sell to the poor” approach to “business co-venturing” with the poor, introducing a series of modifications to the concept as summarized in Table 1.

While inclusive capitalism and mutual value remained as the core elements in the BoP 2.0 approach, we also saw a stronger emphasis in this second iteration placed on co-creating value with the poor in a way that “creates value for all partners in terms important to each” (Simanis and Hart 2008, p. 3). BoP 2.0 seemed to focus more than BoP 1.0 did on addressing socially and environmentally related problems, with Simanis and Hart (2008, p. 5) arguing that one of the main strategic challenges and opportunities at the same time was to learn “to close the environmental loop at the Base of the Pyramid.”

Further, BoP 2.0 attempted to address what Hart (2010, p. 21) called a “Great Trade-Off Illusion” between being locally embedded and large in size and between the ability to meet the needs of the poor and of the planet’s ecological systems. This meant that creating enterprises with the poor should produce a fully functioning business embedded in the local community by using small-scale full business model tests, and generating local demand and setting up platforms within MNCs to replicate the new BoP business models (Simanis and Hart 2008).

Another important difference between BoP 1.0 and BoP 2.0 was that the BoP 1.0 approach was aligned more within an organization’s existing structure and main strategy, whereas the BoP 2.0 approach emphasized the creation of a Research and Development (R&D) “White Space” formalized within the corporation. This allowed for the development of a BoP business outside of the traditional corporate structures, metrics, and routines—often using a social-entrepreneurship framework—while maintaining access to corporate resources and capabilities (Simanis and Hart 2008; Simanis et al. 2005).

However, BoP 2.0 brought its own set of problems and criticisms. For example, Karnani (2006, p. 99) argued that

Table 1 Evolution of bottom/base of the pyramid (BoP) strategy

BOP 1.0	BOP 2.0	BOP 3.0
BoP as consumer	BoP as business partner	BoP as small producer (self-management process)
Deep listening	Deep dialogue	<i>Ad hoc</i> process, cross-sector partnerships, and networks
Reduce price points	Expand imagination	Immediate value appropriation by BoP small producers for products and services
Redesign packaging, extend distribution	Marry capabilities, build shared commitment	Shared skills and knowledge appropriated by small producers
Arm's length relationships mediated by NGOs	Direct, personal relationships facilitated by NGOs	Direct relationships with stakeholders by the BoP small producers initiative
"Selling to the poor"	"Business co-venturing"	"Sustainable development, bottom-up model"

Source for BoP 1.0 and 2.0: Simanis and Hart (2008, p. 2) and Source for BoP 3.0: Pedrozo (2015, p. 198)

including the poor "into the economic system as producers and portraying them as resilient entrepreneurs could result in insufficient emphasis upon the legal, regulatory and social mechanisms that protect them, and overemphasize micro-credit instead of focusing on providing lasting employment opportunities." Additionally, as with BoP 1.0, BoP 2.0 encouraged unsustainable consumption behaviors, the very issue it was expected to address from the beginning (Prahalad and Hart 2002). Coming back a full circle, Simanis (2012) called for reverting back to a strong focus on profits. Prahalad and Hart (2002) rejected corporate social responsibility (CSR) as the premise of BoP. Their offer focused on and aligned with the traditional profit maximizing paradigm of MNCs. Davidson (2009), however, argued that the role of an organization is not simply to be profit-generating, but also to act as an essential part of a larger society, meaning that an organization's responsibilities are to a multitude of stakeholders, not just to their shareholders. This does not mean that BoP ventures should become CSR initiatives. Rather, they should provide a broader, multiple perspective on value and ethics, potentially increasing the opportunities for business success (Dembek and Sivasubramaniam 2018).

This broader perspective on value is also visible in the most recent iteration of the BoP approach—BoP 3.0. It is still evolving, and in many respects is seen as a direct response to the lack of success of many BoP 1.0 and 2.0 ventures in the poverty alleviation space (Dasgupta and Hart 2015). There is a greater push for BoP 3.0 to re-conceptualize poverty from the more traditional income-based approach to a more nuanced understanding of its complex, multidimensional nature (Cañeque and Hart 2015; Yurdakul et al. 2017). Accordingly, the emerging BoP 3.0 approach is "now seeking a greater conceptual shift, away from singular solutions of poverty alleviation to understanding how wider innovation ecosystems and engagement through cross-sector partnership networks can be developed," to enable a stronger focus "on achieving greater levels of well-being in BoP markets" (Mason et al. 2017, p. 267). Table 1 provides a summary of the evolution of the BoP approach and

the characteristics of the three approaches. Even with the changes in foci and scope of the subsequent revisions to the BoP framework, what has remained unchanged is the requirement that sets this approach apart from other market-based solutions to poverty alleviation: the role of a profit-seeking external entity in initiating the engagement with the BoP community to create mutual value.

While Prahalad and Hart (2002) offered a pragmatic, economic argument for businesses, particularly MNCs, to engage with the BoP segment, others have attempted to provide an ethical/moral basis for the BoP approach (Calton et al. 2013; Hahn 2009; VanSandt and Sud 2012). For instance, Hahn (2009) argued that Rawl's principles of justice can serve as the ethical foundation for corporate actions. Calton et al. (2013) offer a humanistic, decentered stakeholder approach to developing new mental models of opportunities to engage profitably with the BoP segment. Their decentered stakeholder analysis departs from the dominant firm-centric approach and repositions all stakeholders as equal partners in complex contexts involving MNCs, local governments, and BoP communities. Calton et al.'s (2013) approach "enhances empathetic understanding of situations experienced by particular others at the base of the pyramid, thereby enriching the dialogic search for common ground needed to work together effectively" (p. 723). This post hoc development of an ethical argument rooted in justice and stakeholder rights or enlightened self-interest is a significant departure from the economic argument offered by Prahalad and Hart (2002) and elaborated on in Prahalad's book (2005). Ethical behavior and CSR should be part of the broader BoP agenda, especially in light of the vulnerability of the BoP segment to exploitation. It is also surprising that even those advocating for a strong ethical foundation for the BoP framework do not try to explicitly address the conflict that arises between simultaneously trying to deliver a profit while alleviating poverty, in effect separating the business from any notion of responsibility to its BoP customers. Subsequent revisions to the BoP approach seem to imply that corporations engaging in BoP initiatives will act out of

an enlightened self-interest without explicating the ethical foundations of their prescription.

From this discussion, we can see that BoP initiatives face both serious business challenges and social risks, which can be difficult to navigate for many organizations. Current BoP literature, though, focuses predominantly on addressing business challenges rather than the social risks. To this end, studies have examined many aspects of business at the BoP, including organizational capabilities, alliances, and partnerships (Van den waeyenberg and Hens 2012), marketing (Reficco and Márquez 2012; Schuster and Holtbrügge 2014), supply chain and operations management (Santos and Laczniak 2009; Sridharan and Viswanathan 2008), and innovation (Gold et al. 2013). The social side of BoP business initiatives is less comprehensively addressed, to say the least (Berger and Nakata 2013; Hart and Christensen 2002; Simanis and Hart 2009). There is little supporting evidence for and knowledge about the social benefits of BoP business initiatives (Smith and Pezeshkan 2013). Additionally, businesses visibly struggle to successfully address both business and social goals at the BoP (Pitta et al. 2008), and to achieve sufficient scale so as to transform the business model into a needed solution (Pirson 2012; Simanis 2012).

Furthermore, within the majority of BoP papers, “income generation and traditional economic remedies for poverty alleviation are emphasized” (Ansari et al. 2012, p. 815), and all attempt to alleviate poverty “by engaging markets for social ends and by encouraging market-oriented behavior in the poor” (Cooney and Shanks 2010, p. 30). This brings us to the main purpose of this paper, which is to address the question of “*How has the BoP approach evolved over the past 16 years, and has it delivered on its early promise?*”

We turn now to our methodological approach before discussing the findings of our paper.

Methods

Sample

To address the primary purpose of this study, a wide review of literature was conducted. To identify the relevant publications, three major databases—Business Source Complete, Web of Knowledge and Psycinfo, as well as Google Scholar—were used. These sources were chosen because they include publications from different fields such as management and organizational psychology. We first conducted a search for articles containing “Base of the Pyramid” or “Bottom of the Pyramid” in their titles and/or abstracts in the three major databases as well as Google Scholar. Additionally, we searched for and included the articles citing the paper introducing the “Bottom of the Pyramid” by Prahalad and Hart (2002) and Prahalad’s book.

This process identified over 3000 items published by December 2016. The repeated articles were removed and publications for analysis were selected based on the criteria of quality and relevance. In relation to quality, we only included the publications from peer-reviewed journals, with an exception for reputable non-peer-reviewed sources such as Harvard Business Review and MIT Sloan Management Review. We explicitly excluded newspaper articles and conference proceedings. We also excluded books because in addition to a lack of peer review process, they are often based on research previously published in journal articles and are meant to serve the propagation of practice rather than the advancement of the field.

In relation to relevance, the publications we included needed to treat BoP in a nontrivial way; that is, as one of the focal themes, and be based on the original conceptualization offered by Prahalad and Hart (2002). This original conceptualization means the BoP approach involves an external agent, “a revenue generating enterprise that either sells goods to, or sources products from, those at the base of the pyramid in a way that helps to improve the standard of living of the poor” (London 2008, p. 1). This distinguishes BoP publications from both other market-based approaches to poverty alleviation such as microfinance, and also from publications addressing the needs of the poor, for example economic development. Hence, we rejected articles that treated BoP as a side topic or as a segment of the population, focusing on other matters such as an analysis of energy market (Kumar et al. 2010) or corporate responsibility and citizenship (Waddock 2008). Further, we excluded literature review papers because they exclusively gather and repeat the contribution of others (e.g., Gebauer and Reynoso 2013; Follman 2012; Kolk et al. 2014). Consequently, including them would have distorted the picture of the development of the field. For the same reason, and unlike previous reviews (e.g., Kolk et al. 2014), we excluded articles that repeat the same or very similar ideas in a number of publications by the same authors, like in the case of Karnani (2006, 2007) or in the case of Karnani (2008, 2009, 2010). In such cases, we included only the most comprehensive article, rejecting the others. We did not include 40 papers that were included in the Kolk et al. (2014) review for several of the reasons for non-inclusion described above. For instance, van der Vleuten et al. (2007) focused on the effect of solar power systems on economic development, and the BoP was just a descriptor for the target market. They did not utilize the BoP concept as examined here in their paper. Some other papers included in the Kolk et al. (2014) review appeared in non-peer-reviewed journals or conference proceedings, and hence were not included in our analysis. Finally, we included papers written in languages other than English (e.g., Hemais et al. 2013), using the multilingual skills of the authors. After applying the above criteria, we retained 276 articles for analysis.

Coding

All the 276 articles were then content analyzed in two ways. First, we recorded a series of features of each article. The features included basic information such as authors, year of publication, and journal name. Similar to the other literature reviews, we included information on type of the study including the data sources (e.g., conceptual, quantitative), industry sectors and geographical areas in focus, and the roles in which the poor are engaged (e.g., employees, consumers). Finally, we extended previous studies adding aspects such as focus on business, poverty, and policy, definition of poverty, and whether the article proposed a mechanism for poverty alleviation and profit generation. While not covered by previous review studies, these features are crucial to the field especially after the introduction of BoP 2.0, and thus important to show the evolution of the field.

Second, we identified the topics addressed in each article in an inductive way. The emerging topics were first organized into themes and subtopics. The themes were formed on the basis of grouping-related areas and activities of developing and conducting business at the BoP. Table 2 summarizes the categories coded and a brief definition of each variable coded.

Applying the above-mentioned features and themes, each article was coded with multiple categories (a mix of features and topics). At the beginning of this process, a random sample of articles were analyzed by the research team, the accordance of coding was checked, and the differences were discussed and agreed upon. The remaining articles were then divided between the researchers and coded independently. The researchers frequently shared the coding results and updated the coding procedures to ensure consistency in coding practice across all studies.

Analysis

In addition to generating frequencies and contingency tables to identify modal themes and the evolution of the field from 2002 until 2016, we also used correspondence analysis (CA) and multiple correspondence analysis (MCA) to examine patterns of associations across our coding categories. CA is a general class of modeling technique for visually displaying the rows and columns of a two-way or multi-way contingency table(s) as points in corresponding low-dimensional space (Greenacre 2007). Just as principal component analysis is used to identify associations among continuous variables, CA/MCA is an exploratory technique used to identify associations between two or more categorical variables (Hoffman and Franke 1986). CA is a popular statistical technique in ecology (Greenacre 2010; Palmer 1993) but has also been applied to identify patterns of keyword use across years in marketing (Mela

et al. 2013) and profiling clusters of urban Chinese by their preference for brand attributes (Ramamamy et al. 2013).

We used SPSS 25.0 to conduct both CA and MCA. To minimize problems, we combined categories whenever there were less than five articles in a particular category. When we noticed a category located farthest from the origin, we checked for both presence of outliers as well as robustness of the reported results by rerunning the analysis with the category omitted or combined.

Analysis of Empirical Studies

We sought to examine if a meta-analysis of findings in BoP could be conducted given that there were 22 empirical studies. To do this, we first listed the independent and dependent variables examined in each study. Contrary to our expectations, there were no common set of independent and dependent variables examined in these studies, so aggregating research findings using meta-analytic procedures was not possible. Instead, we coded for additional study characteristics including hypotheses tested, whether they were supported, sample size, effect sizes, and study conditions to provide a fuller accounting of the state of empirical research in this field.

In the following section, we first report the descriptive statistics and then describe the results of the CA. We also report our findings from the additional examination of the 22 empirical studies in the BoP literature.

Results

General Observations

Of the 276 articles examined in this review, three-fourths were published since 2009, and only 9% were published in the first 5 years after Prahalad and Hart's seminal paper was published in 2002¹. The fact that over half of the articles (139 of 276) were published in the last 5 years suggests that the BoP concept has gained widespread acceptance (see Fig. 1). Articles included in this review were also published in 155 different journals, and fairly uniformly distributed across disciplines. Journal of Consumer Marketing, Greener Management International, and Journal of Business Research were the most popular outlet for peer-reviewed academic papers, with these three journals publishing 12, 11, and 10 papers, respectively. Among

¹ For additional results including more detailed tables and descriptions, please see the Supplementary Materials available at the journal website.

Table 2 Variable codes and descriptions

Variable	Description
Classification variables	
Publication name	Name of the journal
Journal focus	The disciplinary focus of the journal
Article type	Whether the article was theoretical, descriptive with anecdotal examples, quantitative/empirical, qualitative/case study or mixed-methods
Data sources	Whether data, if used, was primary or secondary
Geographic focus	The article's geographic focus: Asia, Africa, Europe, North America, South America, Oceania (multiple codes possible)
Authors base	Authors' geographic region based on institutional affiliation: Asia, Africa, Europe, North and South Americas, and Oceania
Publication year	Year article was published
Industry	Whether a single industry or multiple industries addressed
Sector	Type of industry sector represented in the study: Information & Communication Technology (ICT), Finance, Healthcare, Fast-moving Consumer Goods (FMCG), Agriculture, or others (multiple codes possible)
Organization	Type of organizations/institutions addressed: Multinational Corporations (MNC), big local firms, Small & Medium Enterprises (SMEs), Social enterprises, Non-governmental Organizations (NGOs), Governments, or other institutions including universities (multiple codes possible)
Content coding	
Article focus	Whether the article's primary focus is on business opportunities, poverty alleviation, or policy analysis (multiple codes possible)
Definition of poverty	Whether poverty was defined in terms of income only or in ways different from income level
Focus on the poor	Whether the poor were conceptualized/addressed as consumers, entrepreneurs/co-creators, or employees (multiple codes possible)
Poverty—mechanism	Poverty alleviation mechanisms or effects of BoP initiatives clearly addressed
Profits—mechanism	Profit or value creation mechanisms or effects of BoP initiatives clearly addressed
Thematic emphasis	
Business and poverty	Themes emphasized including how business is related to poverty: this includes impact of business on poverty, and impact of poverty on business in general and business opportunities in particular
Innovation	Themes emphasized including new products developed for BoP markets, creative solutions, and implementation
Marketing and sales	Themes emphasized in the article including selling to the poor, consumer behavior, branding, product development, marketing mix, market analysis, and needs of the poor from a marketing perspective
Partnerships	Themes emphasized including partnerships/networks at the BoP—between MNCs/for-profit organizations and other type of organizations
Poverty and poverty alleviation	Themes emphasized including addressing the needs of the poor (poverty perspective) and social inclusion
Profits	Themes emphasized including discussion of approach to value capture/profits and how to enhance value creation and capture
Sustainability	Whether triple-bottom-line emphasized
Strategy	Themes emphasized including Long-term/short-term orientation, business models, corporate social responsibility (CSR), social entrepreneurship, and market creation

the practice-oriented journals, Harvard Business Review accounted for eight articles.

Marketing journals published the most articles (58), partially accounted for by several issues focusing on different marketing challenges in BoP segments, and the number of articles published in scholarly and practitioner-oriented management journals was about even. Technology journals published 30 articles dealing with the effects of Information and Communication Technologies (ICT) on BoP segments. Academic journals in ethics and other social sciences published 34 and 32 articles, respectively.

Even though the early articles described how MNCs can profitably serve the BoP segments, an exclusive focus on MNCs accounts for only about 18% (49 of 276) of the articles, while over 50% of the articles focused on MNCs as well as local enterprises and non-governmental organizations. While only one in six papers (47 of 276) focused exclusively on organizations other than MNCs, much of this has been relatively recent, with 51% of such papers (24 of 47) published in the last 3 years. About 11% of the articles (31 of 276) did not focus on any particular type of organization. Over 60% of the articles (178 of 276) focused on countries

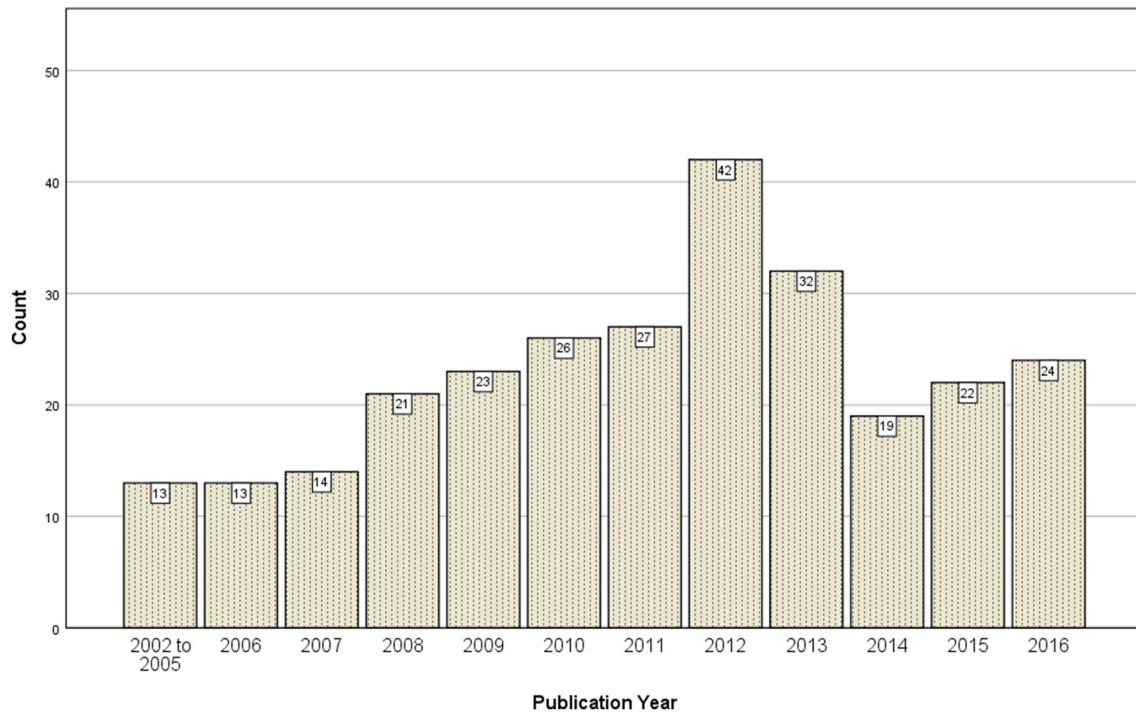


Fig. 1 Number of publications by year

in Asia, either exclusively (91 of 276) or in combination with African and/or South American nations (87 of 276). In contrast, about 10% of the articles focused exclusively on African nations (29 of 276) and 9% focused on countries in South and South-Central America (26 of 276). While there were year-to-year differences, there was no pattern to these year-to-year variations in geographic focus of the articles published.

Surprisingly, over a quarter of the articles did not offer a definition of poverty even though that is the defining characteristic of the segment targeted (74 of 276). The majority of articles (62%) defined poverty in terms of income per day, and only 30 of the 276 articles considered a broader definition of poverty rather than defining it in terms of income per day.

A significant proportion of articles (39%) included in this review were descriptive in nature, using anecdotes or a few short cases to make the case for their core argument. About half the articles (139 of 276) employed qualitative methods, typically in-depth case studies and interviews, to develop and support their core propositions regarding behaviors and consequences at the bottom of the pyramid. Only 8% (22 of 276) of the studies were quantitative in nature depending on survey data from several firms or BoP participants to examine their primary hypotheses. Fifteen of the 22 studies that employed quantitative methods were published in the last 4 years.

Research Focus

The call to MNCs to focus on BoP segments highlighted the opportunity to serve their needs profitably, helping alleviate poverty by utilizing businesses as the principal agents effecting such a change (Prahalad and Hart 2002). To examine if this were the case, we examined the primary focus of the articles—whether the focus was on helping businesses improve their performance in BoP markets, on alleviating poverty, or on identifying effective policy interventions. Consistent with our expectation, 90% of the articles (248 of 276) focused on businesses either exclusively (157 of 276) or in combination with poverty alleviation and/or policy recommendations (91 of 276). In contrast, one in three articles discussed poverty alleviation, with a mere 6% of articles (17 of 276) focused on this issue exclusively. The trend suggests that a focus on policy in combination with either business or poverty alleviation is becoming more prevalent in the past few years.

Evolution of the Role of the Poor

In their seminal article, Prahalad and Hart (2002) challenged the notion that MNCs cannot serve the needs of the poor profitably, which led to BoP participants being treated as consumers (of the goods and services tailored for them by MNCs). Subsequently, the role of BoP participants was

Table 3 Role of the poor—as consumers, entrepreneurs, or as employees

Role of BoP members		Publication year											Total	
		2002 to 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		2016
As consumers	Count	2	1	5	7	6	10	8	15	18	7	6	6	91
	%	15.4	7.7	35.7	33.3	26.1	38.5	29.6	35.7	56.3	36.8	27.3	25.0	33.0
As entrepreneurs	Count	2	1	0	1	2	1	1	8	0	2	5	9	32
	%	15.4	7.7	0.0	4.8	8.7	3.8	3.7	19.0	0.0	10.5	22.7	37.5	11.6
As both consumers and entrepreneurs	Count	8	6	7	10	9	7	14	14	11	5	10	6	106
	%	61.5	46.2	50.0	47.6	39.1	26.9	51.9	33.3	34.4	26.3	45.5	20.8	38.4
All other combinations	Count	0	2	0	2	4	5	1	3	2	4	1	3	27
	%	0.0	15.4	0.0	9.5	17.4	19.2	3.7	7.1	6.3	21.1	4.5	12.5	9.8
No particular focus	Count	1	3	2	1	2	3	3	2	1	1	0	1	20
	%	7.7	23.1	14.3	4.8	8.7	11.5	11.1	4.8	3.1	5.3	0.0	4.2	7.2
Total		13	13	14	21	23	26	27	42	32	19	22	24	276

expanded to become co-creators, entrepreneurs, or partners (Simanis and Hart 2008). Despite this conceptual evolution to the BoP approach, a significant percentage of the articles continue to treat BoP participants as consumers (see Table 3), with at least a third of the articles published in the last 7 years treating BoP participants exclusively as consumers (70 of 192 articles). Over the years, an equal number of articles have treated BoP participants as both consumers and entrepreneurs (highlighted by examples like Project Shakti by HLL) and only 32 of the 276 articles treated BoP participants exclusively as entrepreneurs (of which half were published in the last 3 years).

Thematic Emphasis

Using an inductive approach, we coded each article for its thematic emphasis on 10 different content areas. We did not include one topic (Leadership) in subsequent analysis, as there were only 25 articles that emphasized this theme, 18 of which were published in the last 6 years. Not surprisingly, strategy was the most common theme in the articles included in this review (154 of 276), while sustainability was the least common theme, with only 38 articles focusing on this theme. Table 4 summarizes the results of thematic analysis by theme and year. Contrary to expectations consistent with the BoP 2.0 approach, there was not an increased emphasis on partnerships in the later years as compared to the early years, with nearly 50% of the articles published prior to 2010 emphasizing this theme but only 37% of the articles published since 2011 emphasizing this theme. Innovation was a common theme in BoP literature in the early years, and there seems to be a renewed emphasis on this theme in the last 4 years. Value appropriation (profits) was a common theme in 2007 and 2014, with over half the articles published in those 2 years emphasizing this theme; but is not as common a theme in all other years. The role of government was not a common theme

in articles published in earlier years, but in the last 3 years, nearly one in three articles explored this theme.

Preference of Journals

To examine associations between the categorical variables captured in our systematic review of BoP literature, we used correspondence analysis. The results are plotted in two-dimensional maps (see Fig. 2). The interpretation of the plots is quite straightforward; the two-dimensional joint representation of both rows and columns of the contingency table can be interesting in the same manner as any other proximity mapping. The association between the elements plotted is directly related to the distance between them in the correspondence map. Points close to the origin are not distinctively related to other elements in the analysis, and points farthest from the origin are the most discriminating (and possibly outliers). Even though, strictly speaking, between-set distances should not be interpreted (Carroll et al. 1986), it is common practice to comment on the relative positions of each set of elements with respect to the axes. In that respect, interpretation of the between-set distances is acceptable with some caution.

A review of the correspondence map included in Fig. 2 plotting the association between the discipline focus of journals and the themes emphasized reveals strong associations between these two variables. Dimension 1 (*x*-axis) seems to differentiate Ethics and Environment, Technology, and other Social Science journals from Marketing journals. Dimension 2 (*y*-axis) seems to differentiate between Management-Academic as well as other Social Sciences journals and General business journals. Similarly, the plot reveals that Dimension 1 best differentiates the themes—Poverty Alleviation/Business and Poverty relationship and Marketing and Sales, that is, these themes are not likely to be co-emphasized in the same article.

Table 4 Themes emphasized over the years

Themes emphasized	Publication year													Total ^a
	2002 to 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
Business and poverty relationship	Count	4	7	7	10	11	8	8	20	13	10	4	8	110
	%	30.8	53.8	50.0	47.6	47.8	30.8	30.8	47.6	40.6	52.6	18.2	33.3	40.0
Government @ BoP	Count	0	3	3	1	3	1	3	5	1	6	8	5	39
	%	0.0	23.1	21.4	4.8	13.0	3.8	11.5	11.9	3.1	31.6	36.4	20.8	14.2
Innovation	Count	6	4	4	5	5	2	4	11	9	8	4	8	70
	%	46.2	30.8	28.6	23.8	21.7	7.7	15.4	26.2	28.1	42.1	18.2	33.3	25.5
Marketing and sales	Count	3	4	7	11	10	11	15	9	13	10	11	8	112
	%	23.1	30.8	50.0	52.4	43.5	42.3	57.7	21.4	40.6	52.6	50.0	33.3	40.7
Partnerships	Count	9	7	6	11	10	9	7	15	9	10	9	12	114
	%	69.2	53.8	42.9	52.4	43.5	34.6	26.9	35.7	28.1	52.6	40.9	50.0	41.5
Poverty and poverty alleviation	Count	2	3	4	2	7	7	6	19	6	1	1	2	60
	%	15.4	23.1	28.6	9.5	30.4	26.9	23.1	44.2	18.8	5.3	4.5	8.3	21.8
Profits	Count	3	4	8	6	9	5	5	10	3	10	2	5	70
	%	23.1	30.8	57.1	28.6	39.1	19.2	19.2	23.8	9.4	52.6	9.1	20.8	25.5
Sustainability	Count	3	4	1	2	7	4	2	2	2	4	1	6	38
	%	23.1	30.8	7.1	9.5	30.4	15.4	7.7	4.8	6.3	21.1	4.5	25.0	13.8
Strategy	Count	12	8	5	11	13	18	14	23	20	9	12	9	155
	%	92.3	61.5	35.7	52.4	56.5	69.2	53.8	54.8	62.5	47.4	54.5	37.5	56.4
Total	Count	13	13	14	21	23	26	26	42	32	19	22	24	275

^aThe table does not include one article that emphasized only the “leadership & management” theme

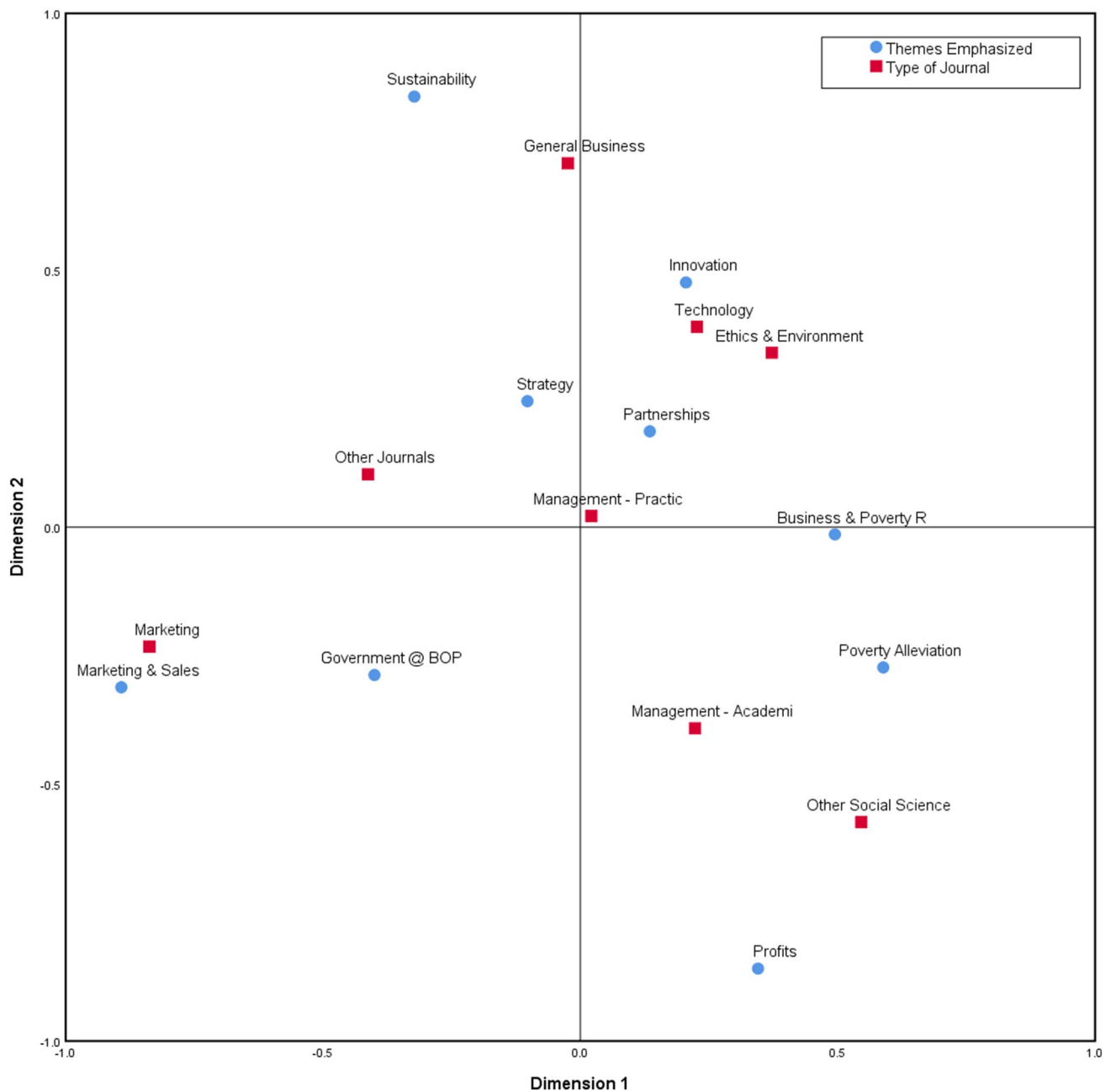


Fig. 2 Correspondence analysis: journal type and thematic emphasis

Similarly, Dimension 2 best differentiates Profit emphasis and Sustainability emphasis. Examining the between-set distances, three distinct associations are seen in the plot. General Business journals are more likely to publish articles emphasizing sustainability theme, while as expected, marketing journals are most likely to publish articles emphasizing a marketing and sales theme. Academic management journals and other social science journals are most closely associated with the poverty alleviation theme. The “profit” theme and “Government at BoP” theme are

not located close to any specific discipline, suggesting that articles with an exclusive emphasis on “profits” or “government” might be outliers. We ran the analysis again without the two categories and the observed associations remained, suggesting the results are robust.

Evolution of BoP

To examine if there were any distinct patterns in the association between key variables, we ran a multiple

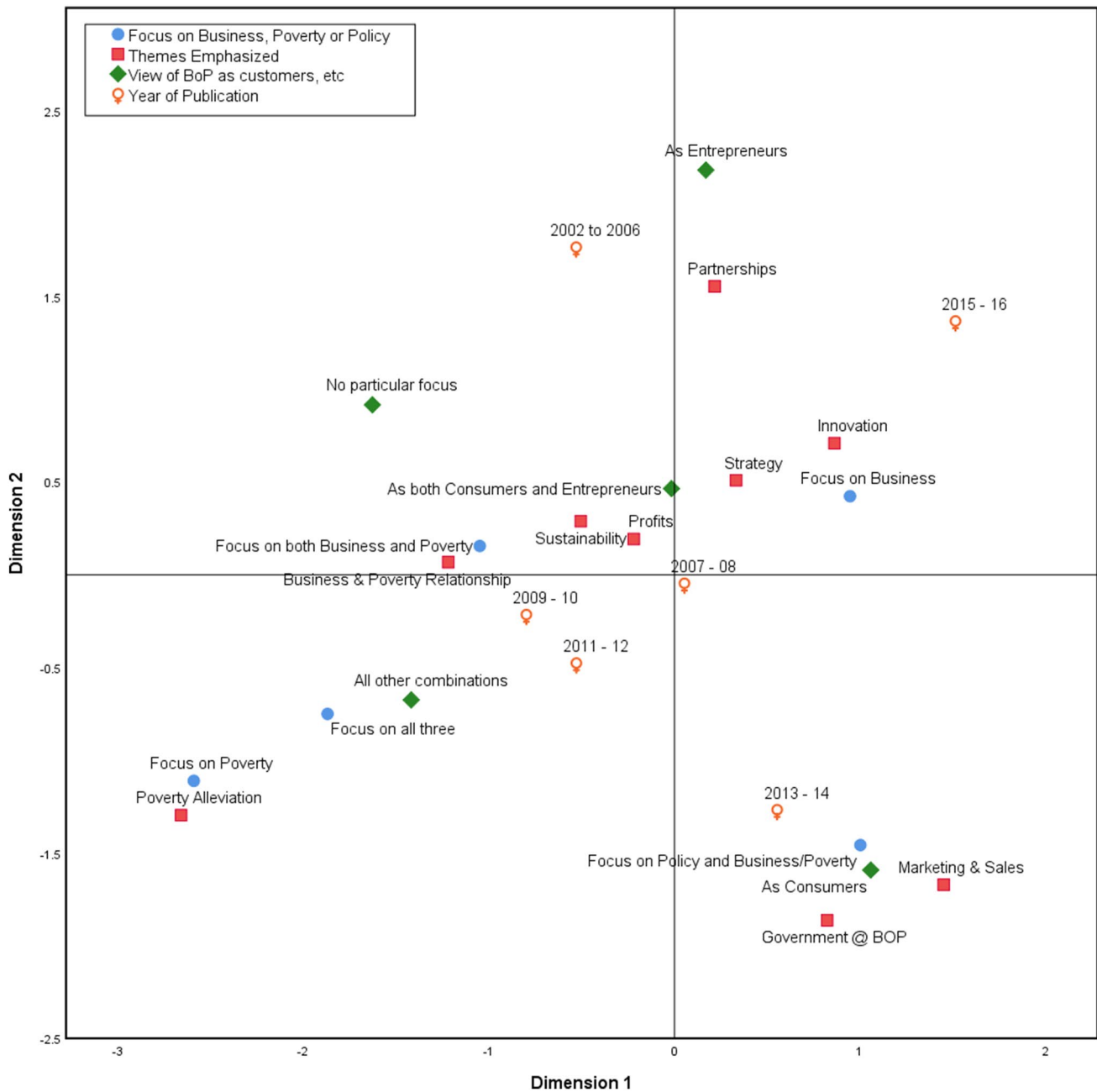


Fig. 3 Multiple correspondence analysis plot

correspondence analysis which is similar to correspondence analysis, with the primary difference being the number of variables included in the analysis. As opposed to the two-way contingency table analyzed in the preceding section, we analyzed a four-way contingency table to examine the associations among article focus (on business, poverty or policy), role of BoP participants (as consumers, entrepreneurs or both), themes emphasized, and the year of publication. Given that we had coded 15 years of publications (2002–2016), we had to aggregate the years to ensure that

each category had sufficient sample size. We chose to aggregate the first 5 years as one category (2002–2006), while the subsequent 10 years were grouped into five categories. This aggregation strategy also helped smooth out the effect of special issues in specific years. The correspondence map is presented in Fig. 3. We extracted three dimensions but have chosen to present the plot between the first and third dimensions, as they yielded the clearest associations.

In examining the relative position of each sub-category in reference to the two axes, the vertical axis seems to

best differentiate the year of publication. The first 5 years (2002–2006) and the last 2 years (2015–2016) are on one end of the axis and the remaining years are near the origin or at the other end of the vertical axis (2013–2014), suggesting a clear demarcation by year of publication. The horizontal axis seems to best differentiate the sub-categories of the role of BoP participants (as consumers or as entrepreneurs) and the focus on business, poverty, or policy. Both dimensions explain the differences in the thematic emphasis of the articles.

In the early years (2002–2006), there was more emphasis on partnerships, with the most recent 2 years’ record returning to these roots. The middle years (2007–2012) had no distinctive focus as indicated by the cluster around the origin. In the last 4 years, there is a clearer focus with 2013–2014 very different from 2015 to 2016. Articles published in 2013 and 2014 seem to revert back to treating BoP participants as consumers due to the strong thematic emphasis on marketing and sales.² The last 2 years (2015–2016) is closest to partnerships and viewing BoP participants as entrepreneurs (14 of 32 studies that viewed BoP participants exclusively as entrepreneurs were published in these 2 years). This is also consistent with BoP 2.0 expectations, though such a pronouncement was made in 2008. The focus on poverty alleviation (theme) and the focus on poor were both the farthest from the origin, with no clear association to any other category.

Analysis of Empirical Studies

As reported earlier, aggregating empirical findings across studies was not possible here as no two studies utilizing independent samples examined the relationships among similar pairs of variables. Of the 22 empirical studies, 14 focused on examining consumer behavior at the BoP, while seven studies examined the entrepreneurial performance of individuals or firms serving the BoP markets. One study (Gupta and Pirsch 2014) examined the ethical evaluations of companies targeting the BoP markets using samples drawn from outside the BoP (that is, non-BoP consumers evaluating the ethical orientation of companies that sell products to BoP consumers). The key findings are summarized in Table 5.

Of the 14 studies examining the behavior of BoP consumers, three studies sought to identify the individual characteristics that differentiate those who had bought the focal

² To ensure that our results were not influenced by the publication of special issues, we ran the procedure after eliminating 41 studies published in nine special issues over the 15 years. The special issues were spread across the 6-year categories with two special issues each in three periods and one special issue each in the remaining three periods. The patterns of associations reported here remained the same, confirming that the timing and nature of special issues on this topic did not affect the conclusions drawn here. Additional details including revised plots are available from the authors upon request.

Table 5 Characteristics of the quantitative empirical studies

Article focus	# of studies ^a	Illustrative DV	Illustrative IV	Sample size range	Country settings
Consumer behavior	14	Intentions to purchase; brand awareness; brand loyalty/trust; ownership; satisfaction with service; product/service usage; level of engagement with service	Income; social support/capital/norms; product knowledge/price/complexity; brand awareness; perceived benefits	60–8689 (median 795)	Bangladesh, Colombia, Ghana, India, Indonesia, Malawi, Mexico, South Africa, and Sri Lanka
Entrepreneurial performance	7	Financial and non-financial performance; entrepreneurial competencies; profitability; sales of products; productivity	Training/technical/Information support from external firm to BoP enterprise; replication/adaptation of best practices; partnerships with business/NGOs; BoP market characteristics	63–470 (median 134)	Bangladesh, Ghana, Guatemala, and Mexico

^aThe table does not include one article that examined the perceived ethical orientation of firms marketing to BoP consumers

product or service from those who had not. Another study, using a field experiment, examined the effect of free versus discounted products on their subsequent use (Jones et al. 2015). However, a majority of studies sought to identify factors that predict brand perceptions or intentions to purchase. Subjects for these studies were recruited from within BoP communities, and sample sizes ranged from 60 to over 8500.

Of the seven studies focusing on understanding the performance of BoP initiatives, two used objective measures of performance. One study used the total production of milk by the dairy farmer (Sutter et al. 2014), while the second one used the actual sales of products to BoP segments recorded by self-employed sales people during the study period (Kistruck et al. 2013). The remaining studies used self-reported measures of performance ranging from subjective well-being to entrepreneurial success.

As with the dependent variables, the 22 studies also examined a wide variety of independent variables. Apart from demographic descriptors like income, education, gender, and household size, these studies included social support and norms, relative advantage of the focal product or service, product complexity, perceived benefits of the product or service, product price, and brand knowledge as independent variables. Similarly, the studies focused on entrepreneurial performance utilized a diverse range of variables including support from the external firm, replication, and adaptation of best practices as identified by external experts, partnerships with NGOs and other businesses, and BoP market characteristics as predictors in their models.

Contrary to our expectations based on the original premise of the BoP approach, only two of the 22 studies were focused on poverty alleviation, by examining factors that increased the level of income generating activities (such as milk production and product sales). Income, as a proxy for poverty level, was used as an independent variable in other studies, for example, as a predictor of consumption behavior.

Discussion

Our systematic review of BoP literature over the period from 2002 until 2016 has provided useful insights on the evolution of this field of inquiry. The increasing number of publications in the past five years suggests that BoP research is becoming mainstream, and several leading academic journals have published a special issue on this topic (for example, *Journal of Consumer Marketing* in 2008, *Journal of Business Research* in 2010, *Journal of Product Innovation Management* in 2012, and *Organization and Environment* in 2016). While the number of publications investigating BoP markets is encouraging, several other findings give us pause as to how well the primary goals of the BoP approach have

been realized. Researchers seem to continue to treat BoP participants as consumers even though the proponents of BoP have argued for a more inclusive and broader focus of BoP initiatives, including conceptualizing the role of BoP participants as co-creators rather than just as consumers, while incorporating a greater sustainability focus.

Hart and his colleagues introduced BoP 2.0 in 2008 with a renewed call for businesses to treat the BoP as partners invested in creating mutual value. This call for a new BoP research focus is not reflected in the research we reviewed. Partnership as a thematic focus was less prevalent in the recent publications, and a majority of recent research continues to focus on how businesses can profitably target BoP markets. However, additional analysis using correspondence analysis does reveal a clear pattern across the years, with the field (as indicated by the publications) evolving from a focus on profits and partnerships in the early years to a greater focus on poverty alleviation and innovation in the last two years.

Mutual Value

Even with this increased focus on poverty alleviation and innovation, our review shows that not enough attention is given to mutual value creation. A great majority of BoP studies concentrated on describing business outcomes and tell the story for *and* from a business perspective. Creating mutual value requires a focus on both business and BoP community. If the promise of the BoP approach to alleviate poverty is to be realized, we need to adopt a multi-faceted view of poverty, and not define it only in income terms as done in many of the studies reviewed here. It would be naïve to think poverty will solve itself if businesses choose to engage with the BoP community profitably.

Another shortcoming of the BoP is the failure to acknowledge the negative consequences for the BoP community, that is not just the positive value creation but also the undesirable value destruction, particularly given the fragility of poor communities. A recent case study of Habi Footwear has shown that even activities focused on increasing the income of the poor can cause trouble and destroy communities through conflict if it is not accompanied by a range of efforts focused on changing the poverty mindset, that is the lack of hope and fixation on the current moment without any thinking about the future (Dembek and York 2018). We call the attention of BoP scholars to this gap in our understanding, and also for the need to pay more attention to value creation from the perspective of both the business and the BoP as well as to value appropriation, retention, and destruction (Dembek and Sivasubramaniam 2018).

Related to mutual value creation is the approach to indicators/measures of value. From the firm's perspective, profits captured have been used as the measure of value created

as well as appropriated.³ The framework's economic logic and the requirement that an external agent (an MNC or a domestic firm not native to the BoP) be involved in the initiative may have created this adoption of a narrow definition of "value." There is no doubt that profits need to be part of BoP ventures, as the implied goal is to encourage broader participation of well-resourced enterprises, who are unlikely to become involved in the BoP space for purely altruistic reasons. We argue, however, that poverty alleviation of the BoP community should not be seen as a natural consequence of profit maximization, as it creates a narrow focus in the business and increases the odds of overlooking or disregarding any negative consequences. This is especially problematic if matched with the traditional short-term timeframe for profit maximization.

Evolution of the Field

Our results indicate that there is a distinct trend in the BoP field with the last two years marking a clear departure from the earliest years. From the correspondence map (Fig. 3), we notice two distinct inflection points in the field's evolution: the years 2007–2008 and 2013–2014. There was no distinct pattern in the articles published between 2007 and 2012, most likely due to the shift in how BoP was conceptualized—from treating BoP participants as consumers to focusing on them as partners in creating mutual value. The correspondence analysis map shows that these 6 years were all clustered around the origin, suggesting no distinctive association with other variables. In 2013–2014, there was again a marked departure with the focus shifting to marketing-related themes. Points representing the last 4 years (2013–2014 and 2015–2016) were also the farthest from the points representing the middle years (2007–2012), confirming a possible return to its roots.

This clear break from the past is also confirmed by the thematic analysis with the renewed emphasis on innovation in the last two years. With its emphasis on co-creation and "Research and Development Whitespaces" within organizations for embedding creative co-creation (as per Simanis and Hart 2008), BoP 2.0 would require an emphasis on innovation and this is somewhat reflected in our thematic analysis. Another feature emphasized in BoP 2.0—cross-sector partnerships with local organizations including non-governmental organizations—was, however, not evident in our review. Partnership, surprisingly, was a more common theme in the early years than in the later years, suggesting that recent research may have

focused on some features of BoP 2.0 rather than the whole set. This is a concerning finding given the diversity of poverty and the need for combining multiple activities and approaches to alleviate it. Building businesses in such a challenging environment like the BoP requires a highly collaborative approach. It is then important to check if the lack of focus on partnership is something distinctive for the literature only or if it is also reflected in the actual practice of BoP initiatives.

Shortcomings in Empirical Studies

Our review of the 22 empirical studies reveals the inadequate attention paid to examining the basic premise of the BoP approach, i.e., that businesses can act as agents of change to help alleviate poverty. Even among the seven studies that focused on entrepreneurial performance, poverty alleviation was implied and not explicitly addressed. It is also troubling to note that only two of these seven studies examined the central proposition of the BoP framework—that businesses can help alleviate poverty. As noted earlier, we could not aggregate the empirical findings as no two studies examined the same set of constructs.

While there is considerable anecdotal evidence of successful BoP ventures, there is very little empirical support for the core proposition of the BoP framework: that businesses can profitably serve BoP communities while helping to alleviate poverty. Even descriptions of business cases deemed successful a short time after inception do not stand up to scrutiny a few years after launch. For instance, Grameen Danone is a joint venture started by Grameen Bank and Group Danone to bring affordable healthy nutrition in the form of fortified yoghurt to children in the BoP markets (Humberg and Braun 2014). While the company was lauded for creating value for the communities through new economic activities and increased focus on positive social and environmental impacts, it has not been able to expand beyond the original plant or provide affordable products to the poor. The company now sells the branded yoghurt not to the BoP segment but in larger cities through supermarkets. Calton et al. (2013) highlight the story of Chotukool, a low-cost, portable refrigerator developed by an Indian MNC, Godrej & Boyce Manufacturing (based on the description provided by Whitney 2011) to support their framework for successful engagement with the BoP communities. The company's efforts to develop a low-cost refrigerator to meet the needs of the poor was celebrated as an example of creating mutual value, leading to several awards as well as a Harvard Business School case. The company, however, found it difficult to attract poor customers and repositioned it as a high-end cooler with customizable shells/skins for urban middle-class or as give-aways as part of their CSR initiatives (ETBrandEquity 2016). These two and many other similar

³ In our review, we did not see a clear attempt to differentiate value creation (the pie size) and value appropriation (share/slice of this pie) as performance of the BoP venture is used as an indicator for both; "value" is often defined only from the firm's perspective.

cases suggest that expanding the breadth and scope of the BoP framework without evidence from rigorous longitudinal, empirical studies may result in disillusionment with the framework itself.

The proponents of the BoP approach are already promoting the next phase, BoP 3.0 (Cañeque and Hart 2015; London and; Hart 2015; Pedrozo 2015), even though BoP 2.0 has not permeated the practice of BoP businesses, nor have the skills, capabilities, and organizational forms and routines needed to execute BoP 2.0 developed within these organizations. While theory development through continuous testing and revisions should be encouraged, it is not clear if BoP revisions such as BoP 2.0 and 3.0 are informed by evidence of successes and failures. Given the paucity of empirical research in this field, we wonder if such revisions help advance the field or create new constraints for useful theory development.

Directions for Future Research

The systematic review of the BoP literature suggests several avenues for fruitful research inquiry. First and foremost, there is an urgent need for empirical examination of the central tenet of BoP: that businesses can generate mutual value by focusing their attention on and working with the BoP. While we recognize the challenges of operationalizing the key constructs, developing new measures and collecting data from BoP participants, advancement of the field depends on empirical verification of the central claims of the BoP approach, or else these will remain feel-good propositions based on a few anecdotal examples. To realize the promise of the BoP framework, we need to ground theory advancement and prescriptions in empirical evidence. Given that the BoP is not homogeneous both within and across communities, this provides rich opportunities for researchers to contextualize their research questions so as to develop a broader understanding of the dynamics within these communities that give rise to the complex problems and the unique ways to address them.

As our review reveals, we need closer examination of the role of cross-sector partnerships in executing BoP strategies, including the kind of partners, their roles, leadership requirements, and metrics to measure the effectiveness of such cross-sector partnerships. Given that the BoP framework requires the involvement of an external organization not native to the BoP community, cross sectoral partnerships with NGOs, hybrid organizations, and governments might be critical to BoP strategy execution. Future research could examine to what extent this holds true.

Further research could also examine how social enterprises, and other non-MNC companies, can incorporate the sustainable development, bottom-up model that underpins the emerging BoP 3.0 approach (e.g., Pedrozo 2015). This

could help those operating within the BoP space to better understand how to engage low-income communities as partners to achieve the most successful outcomes in terms of building local capacity and developing local livelihoods (Cañeque and Hart 2015).

In recent times we have seen calls for more BoP research to incorporate a broader definition of poverty that goes beyond economic dimensions—as discussed in the sociological and development studies literature (e.g., Ansari et al. 2012; Yurdakul et al. 2017). Our analysis has found that the prevalent definition still used in the majority of BoP research is an income-based definition. Given that the BoP 3.0 approach advocates for a greater understanding of the environmental, social and cultural impact of BoP initiatives (in addition to any economic impact) (Cañeque and Hart 2015), future BoP studies that incorporate a multidimensional definition of poverty might “improve our understanding of poverty and [perhaps therefore] shed new light on ways to alleviate the problem” (Yurdakul et al. 2017, p. 290).

Finally, despite previous calls (e.g., Bruton et al. 2013; Kolk et al. 2014), our study clearly points at the lack of quantitative studies. If we want to see evidence of whether and how BoP initiatives impact poverty alleviation, future research needs to focus on conducting robust quantitative studies that are longitudinal in nature. This is especially necessary given the complexity of poverty (Yurdakul et al. 2017), meaning that poverty alleviation efforts require time to develop and establish themselves before their efficacy can be measured and assessed.

Conclusion

The main purpose of this systematic review was to address the question: *How has the BoP approach evolved over the past sixteen years, and has it delivered on its early promise?* Our review suggests that there is clear evidence that the field has evolved since the first publication in 2002; however, we do not have any evidence to suggest that the BoP approach has delivered on its promise to both businesses (that they can serve the BoP markets profitably) and the BoP participants (that involvement by MNCs will help alleviate poverty). The bigger criticism of the BoP approach (in any of its iterations, i.e., 1.0, 2.0, or 3.0) is that virtually all the examples of BoP initiatives are either not profitable or do not alleviate poverty. This is where the moral argument comes in: Initiatives that are profitable but harmful to the poor are morally problematic. We believe there is considerable work that remains to be done to advance the field and help realize the central premise that businesses can be agents for social good. The latest revision to BoP, labeled BoP 3.0, while expanding the focus from poverty alleviation to sustainable development

and from stand-alone innovations to developing innovation ecosystems embedded in BoP markets, is in the right direction, but without empirical evidence supporting (or rejecting) key propositions of the BoP framework, the original promise will remain unfulfilled.

Compliance with Ethical Standards

Conflict of interest All authors declare they have no conflicts of interests.

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