

## **Serving Poor beyond Corporate Social Responsibility (CSR): A Win - Win Business Model in Bottom of Pyramid (BOP) Market in Sri Lanka**

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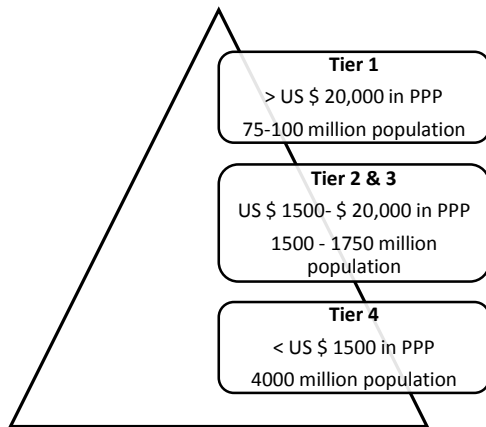
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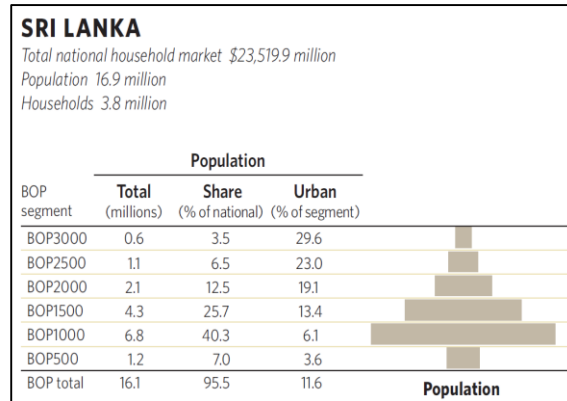
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### **Introduction**

Corporate Social Responsibility (CSR), which emphasises the role of business in society, is a widespread concept under review in Sri Lanka. While the significance of CSR is discussed in many contexts, there is a view that the practice of CSR is more often seen from a philanthropic perspective by the enterprises in Sri Lanka (Thilaksiri, 2013) who believe that charitable activities can help enhance lives of needy citizens in the country. Although CSR has also been identified as a tool for reducing poverty, a more robust view of companies helping poor was presented by Prahalad (2005) in their framework showing how multinational companies can make profits in the world's poorest markets while alleviating poverty. According to them the BOP market consists of population who earn less than \$1500 per annum in purchase power parity representing an estimated population of 4 billion around the world. Asia is the largest contributor to the BOP market, with Sri Lanka representing a considerable proportion that of 16.1 million people (Hammond & William, 2007). In circumstances where CSR is limited to be a philanthropic impression for the enterprise, our attempt here is to review how the application of BOP notion in Sri Lankan market can help improve economic and social well-being of the needy consumers while companies marketing their products in these disadvantaged markets.



**Figure 1: The Economic Pyramid (Prahalad and Hart 2002)**



**Figure 2: BOP Market in Sri Lanka (Hammond and William 2007)**

The objectives of this study are three fold. First, we analyse how business organisations perceive CSR and the application of BOP notion within Sri Lankan context. Second, we exemplify the relationship and mutual advances between the BOP consumer and the company via Unilever ‘Saubhgya’ program. Finally, we provide recommendations to enhance the outcome of this win-win proposition.

### Methodology

Yin (1994) defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context” and states that even a single case study can be used to pursue an explanatory purpose. In order to analyse the application of BOP concept within the Sri Lankan context, we chose Unilever’s ‘Saubhgya’ program; a successful rural women empowerment program that deals with the BOP market participants in the country. ‘Saubhgya’ program was launched in partnership with Unilever, Sri Lanka with just five rural women who were enthusiastic to become an entrepreneur. In this program, the women were given the opportunity to work as authorised sellers representing the company within the regional areas assigned to them; more often the villages where they lived. The products were delivered to their doorstep by the company and the women entrepreneurs earned a profit by selling the Unilever brands in their villages. It was a very successful program with a broad sales channel of 4000 rural women under the program by 2016.

According to Patton (2002), the sample size is determined by what the researcher wants to know, the purpose of the research, and what will be credible. Thus, In-depth interviews were conducted with three rural women entrepreneurs from Central province Sri Lanka, the best performers in the province, who reached an annual turnover of more than LKR 2 million. In order to review the company participation in the program in-depth interviews were also conducted with the company representatives. The data were recorded, transcribed and analysed thematically to address the research question. Thematic analysis is the most widely used approach for analysing data gathered through interviews. A ‘rigorous thematic approach can produce an insightful analysis that answers particular research questions’ (Braun & Clarke, 2006, p.97).

## **Findings**

The 'Saubhgya' program provides a successful illustration of the earlier view presented by Prahalad's (2005) that the BOP market is not just a collection of consumers but entrepreneurs who can create value. From the company's perspective, they certainly were able to reach the rural market with limited market infrastructure via the rural women entrepreneurs. These women acted as agents for brand awareness among the rural poor, especially when introducing new products in to the rural communities. At the same time, the company was able to meet its CSR objectives of enhancement of rural livelihood under their sustainable business strategies.

The in-depth interviews with the project participants explored the contribution of the project in enhancing their social and economic status. More importantly the assistance from the company was highlighted by the women entrepreneurs. The company delivered products to their door step and provided training facilities to improve their entrepreneurship, sales and marketing skills. They were assessed for their performance and rewarded with monetary and non-monetary gifts in their annual award ceremony which motivated them to perform better the following year. In addition to the mutual benefit between company and the BOP entrepreneur, the BOP consumer also benefited in other ways in terms of social recognition; economic empowerment, and exposure to new products. Hence, 'Saubhgya' initiation helps the rural BOP consumer providing opportunity to use products available in the contemporary market which enhanced their living status.

The issues related to the project mainly dealt with the micro entrepreneurs upon receiving financial assistance for their businesses. The findings show that the micro finance facilities were very limited and offered in an unstandardized framework. They tended to obtain loans at a high interest rate or sometimes ended up with multiple borrowing (Tilakaratna & Hulme, 2015) which in turn made their situation worse.

## **Conclusion**

Alleviating poverty requires more than a philanthropic view of CSR by the companies. The BOP framework provides a more concrete idea of a win-win situation between the companies and BOP consumers who engage as entrepreneurs to create value. Unilever 'Saubhgya' the rural women empowerment program provides an existent example of successful implementation of the BOP framework in Sri Lanka. A standardised micro finance environment can improve the realization of the BOP business model besides the encouragement provided by the companies for the micro entrepreneurs. We recommend that marketing practitioners with a view of poverty alleviation in BOP market, instead of focusing on charitable activities, should adopt business models that encourage mutual benefit to make a real difference in the lives of the people that they profit from.

**Key words:** Bottom of the Pyramid (BOP) Market; Business Model; Corporate Social Responsibility (CSR); Entrepreneurship

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