

Realizing Bottom of the Pyramid Strategy with Social Innovation Process: A Case Study

Cihat ERBİL

Gazi University

Faculty of Economics and Administrative Sciences

Department of Business Administration

Ankara, Turkey

cihaterbil@gazi.edu.tr

Extensive Summary

Framework

While Bottom of the Pyramid is recommended to enterprises as a strategic approach, it has not been elaborated how to implement this approach. This study aims to demonstrate how the relevant approach is functionalized through the social innovation process based on the implementation.

Depending on this and the method and scope of the study, the study has several sub-objectives:

- Contextualizing the facilitators of the social innovation process designed and implemented by a Turkey-based enterprise.
- Explaining how the collaboration with other social actors required by the Bottom of the Pyramid approach was established and improved, by taking into account the stages of social innovation.

The Bottom of the Pyramid (Base of the Pyramid) is a strategic approach conceptualized by C. K. Prahalad (Prahalad, 2002; 2004; 2006; 2009; 2012; Prahalad ve Hammond, 2002; Prahalad ve Hart, 1999; 2002). The approach is based on the principle that enterprises meet the social needs of the poor and other disadvantaged groups in the regions that rank below in the socioeconomic development levels and thus transform such regions into target markets. In the strategic functionalization of the approach, it is suggested to focus on these four extents (Prahalad ve Hart, 2002, pp. 6-11): (1) creating buying power; (2) shaping aspirations; (3) improving access; (4) tailoring local solutions.

Social innovation is the process of addressing social problems, developing and implementing new ideas to meet social needs, thus structuring / transforming social relationships and the system and increasing the quality of life for individuals. Social innovation process can be defined in four basic stages (Mulgan, 2006; Bessant, 2010; Sharra ve Nyssens, 2010): (1) understanding the requirements and propose solutions; (2) developing solution proposals; (3) implementing and extending solution proposals; (4) learning and progress.

Methodology

Despite the potential complexity of the situation, qualitative research methods have been preferred since they allow to capture a holistic view with rich data (Mulgan, 2006; Bessant, 2010; Sharra ve Nyssens, 2010). Qualitative researches focus on the quality of "entities", the processes that have not been introduced or scrutinized before and the meaning of these processes (Denzin ve Lincoln, 2000, p. 8). It focuses on explaining why and how relationships and interactions take place. As Eisenhardt (1989, p. 542) has pointed out, qualitative research is useful in explaining why relationships are sustainable or not. It is useful to understand the dynamics of relationships.

For the realization of the qualitative research, the case study of "in-depth description and analysis of a limited system" was preferred (Merriam, 2013, p. 40). The case study is used to discover, explain or compare facts; it focuses on understanding the dynamics (Eisenhardt, 1989, p. 534; Myers, 2013, p. 75). It is thought to serve for the purpose of the study in this respect.

As a type of the case study, "holistic, one-case design" is preferred: There is a single analysis unit (an individual, an institution, a program, a school, etc.) in a holistic, one-case design (Yıldırım ve Şimşek, 2011, pp. 290-292; Yin, 2014, p. 50). The reason of the selection of this type is the fact that it uses Bottom of Pyramid approach by functionalizing and is suitable for research (meets required qualifications [makes social innovation and adopts Bottom of the Pyramid approach), the researcher can reach [within the scope of time, cost constraints], managers and employees are open to provide, number of enterprises is few and the subject is unique.

Descriptive analysis was performed on the data obtained by the case study. Within the scope of descriptive analysis, the data are summarized and interpreted according to the determined themes. The research process is modeled as Figure 1, including the analysis process.

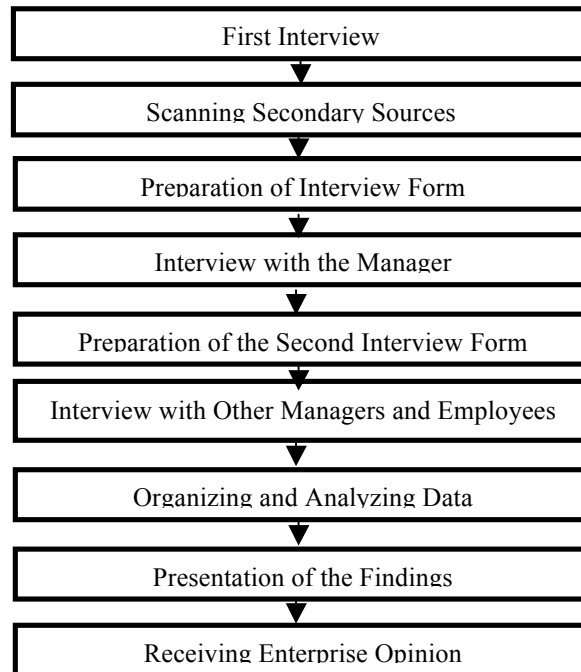


Figure 1: Research Model

The fact that the enterprise meet the requirements of the social innovation and operates the social innovation process with the Bottom of the Pyramid approach is considered important in the determination of the enterprise.

In other words, it is expected that the enterprise aims to resolve a social problem with the innovation process(to transform the crux of the problem rather than eliminating the impacts of the problem – systemic transformation); to scale out the innovation outputs and to scale up by harmonizing the outputs with the requirements of different levels(markets); to include public enterprises, non-profit foundations and/or non-governmental organizations and universities and/or other educational institutions in the innovation process and to cooperate with these actors.

Sebit Eğitim ve Bilgi Teknolojileri A.Ş. (Sebit Education and Information Technologies Inc.) is such firm operating centrally in Ankara and for this reason the case study is realized in this enterprise.

Data regarding the case were collected, organized, and interpreted based on the research model in Figure 1. The model was developed with the aim of accessing primary and secondary data sources. Semi-structured in-depth interviews are the primary data source of the research.

From the date of establishment of the enterprise, the news, documents and other images in the written and visual media about the enterprise constitute the secondary data sources.

Findings

- It is observed that in the first stage of the social innovation process, enterprise provides data for the development of tailored solution proposals in accordance with the Bottom of the Pyramid approach and uses the data providing process at the same time to raise awareness of the target group and of potential parties that might influence the target group.

It is also observed that the enterprise which aims to increase access to education for everyone with software contents and pays regard to the habits of disadvantaged groups in this regard. This can be associated with the foundation of the preliminary acceptance critique based on the technology usage of Bottom of the Pyramid Prahalad ve Hart, 1999, p. 5; 2002, p. 4).

- It is observed that the cooperative skill emphasized in Bottom of the Pyramid comes into prominence in the development of solution propositions (Ansari vd., 2012, p. 833; Prahalad, 2012, p.11). Cooperation with public institutions is observed to function in adapting and disseminating the solution propositions according to the conditions in terms of the enterprise.

Monitoring of the habits and expectations of markets (countries) is also important in the development of propositions in accordance with the conditions. In this respect, Bottom of the Pyramid approach appears to be the foreground of the second stage of the social innovation process in terms of fulfilling the requirement of creating social effect by developing appropriate solutions for the conditions.

- In the third stage of social innovation, it is observed that the enterprise concentrates on the studies that can be associated with the orientation of the requests dimension of Bottom of the Pyramid approach. It is important that the enterprise is perceived as a "social stakeholder" for the acceptance of the proposal by the target group. Market mechanisms are operated to strengthen stakeholder perception.

It is also seen that collaborations have been carried out in such a way to increase the accessibility of the propositions. Being a participator of a communication company has a facilitative role in rendering the products accessible.

- In the final stage of the social innovation, it is observed that the enterprise actively has integrated all the dimensions of the Bottom of the Pyramid approach. Because it has penetrated new markets with specific and unique conditions.

It is observed that the collaborations with public institutions and universities are decisive in the success of the final stage. The ability to manage cooperation in the context of increasing access and providing tailored propositions come into prominence.

Conclusion

As of its quality, social innovation can be evaluated as a tool of strategic management. It is possible to associate with the Prahalad's Bottom of the Pyramid. Findings provided by the case study performed at Sebit which makes social innovation is such as to reveal this association: Collaboration with the social actors required by the social innovation process enables the proposition of effective solutions and access to these solutions. The established collaboration encourages the use of solutions by individuals with social needs, as it is also aimed in the Bottom of the Pyramid approach.

Findings obtained from the enterprise indicate that the social innovation process should be oriented from the individual to the system in order to provide the instrumentalism of social innovation. In this regard, it is seen that the enterprise positions itself as a "stakeholder" and the use of market mechanisms has importance in the product presentation.