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‘Business Unusual’: Building BoP 3.0

Abstract With over three billion people currently living below the poverty line, finding better ways to lift people out of poverty is a concern of scholars from a range of disciplines. Within Management Studies the focus is on developing market-based solutions to poverty alleviation through Bottom/Base of the Pyramid (BoP) initiatives. To date, these have enjoyed limited success, sometimes even exacerbating the problems they attempt to solve. As a result, there is a growing academic and practitioner push for a third iteration – BoP 3.0 – that moves closer to a sustainable development model of poverty alleviation. Through a grounded theory study of 21 Philippines-based organizations implementing poverty alleviation initiatives at the community level, this paper seeks to add to the existing suite of tools and guidance in the BoP field. It does so by questioning how these organizations approach the development and implementation of market-based approaches to poverty alleviation. Our results suggest that these organizations adopt a more community-centric approach, focusing on the creation of a self-reliant community before all else. We find this to be the result of a deeper understanding of the drivers of poverty in the communities they work with. Through the extrapolation of key themes and issues in our data, we propose a new conceptual model for building BoP 3.0 initiatives.

This model consists of three intertwined theoretical dimensions: understanding issues as matters of concern; identifying limitations; and, navigating time. These elements are linked by three active phases that allowed the organizations to move from one dimension to the next: sensemaking; entrainment; and, investment.

Keywords: Bottom/Base-of-the-pyramid, community, developing countries, poverty alleviation, social issues

Introduction

The World Bank *World Development Report 2000/2001: Attacking Poverty* outlines an ambitious goal to halve world poverty levels by the year 2015 (World Bank 2000). Fast forward to 2017, and poverty remains one of the greatest challenges the world faces. With around three billion people[1] living at the bottom of the economic pyramid, scholars, government officials, and business practitioners from a range of different disciplines (e.g., Ansari et al. 2012; Khavul and Bruton 2013; London and Hart 2004; Prahalad and Hart 2002; Simanis 2012) have sought to conceive of ways to alleviate it.

Within the management discipline the different iterations of the Bottom/Base of the Pyramid (BoP) approach thus far have attempted to provide a market-based solution to the problem, with community development and poverty alleviation initiatives moving "to the heart of strategic business thinking" (Sharmin et al. 2014, p. 42). For BoP 1.0 this meant focusing on selling goods and services adapted from the developed markets to the poor (Prahalad and Hart 2002), whilst BoP 2.0 sought to engage the poor in the co-creation of products, services and business ventures (Simanis and Hart 2008). As research shows, however, BoP 1.0 and 2.0 endeavors often struggled to produce the dual results

[1] Shah, Anup. "Poverty Facts and Stats – Global Issues". http://www.globalissues.org/article/26/poverty-facts-and-stats. Accessed on 21 February 2017.

they aspired to: business profitability and poverty alleviation (Arora and Romjin 2011; Chliova and Ringov 2017; Garrette and Karnani 2010; Karnani 2010; Simanis 2012).

This has created a push for a new iteration of the BoP model – most commonly referred to as 3.0[2] – that moves towards a more holistic and collaborative process of poverty alleviation whereby development is seen as transformation rather than just economic growth (Cañeque and Hart 2015; London 2016; Roxas and Ungson 2011; Sen 1999). As Senge and colleages indicate, such a collaborative process requires "three interconnected types of work — *conceptual*, *relational* and *action driven* — that together build a healthy "learning ecology" for systemic change" (Senge et al. 2007, p. 45). Recognizing that poverty is a multifaceted problem that at its core requires a stronger focus on community wellbeing, capabilities, and personal agency (Nussbaum 2001; Sen 1999), the burgeoning BoP 3.0 approach requires that greater attention be paid to uncovering the relevant issues surrounding poverty. If this is to be achieved, a deeper and more nuanced understanding of the local context surrounding poverty is required (Arnould and Mohr 2005; Khavul and Bruton 2013; Kolk et al. 2014). As Bruton (2010)

[2] The new propositions for changes to the BoP approach have been labelled several ways, including as impact BoP enterprises (London 2016), BoP 3.0 (Cañeque and Hart 2015) and BoP 4.0 (Gupta and Khilji 2013). We incorporate these ideas as BoP 3.0 to maintain the nomenclature used for the BoP to date. Further, BoP 3.0 is by far the most followed and accepted name (e.g., Cañeque and Hart 2015; Cieslik 2016; Mason et al. 2017; Yurdakul et al. 2017).

points out, local organizations tend to be best placed to develop this more nuanced understanding given their proximity to and history with the communities they work with. Yet, focused largely on multinational enterprises (MNEs), the BoP literature has to date paid limited attention to local organizations. The question posed by our research is thus simply: *What can we learn from local organizations working with BoP communities to alleviate poverty that will help us build next generation BoP 3.0 ventures?*

To answer this question effectively we employed a grounded theory methodology to investigate the approaches taken by 21 Philippines-based organizations implementing BoP initiatives at the community level within the country. Our findings suggest that the studied organizations have a community-centric approach to poverty alleviation, where the creation of a self-reliant, socially cohesive community underpins their market-based poverty alleviation initiatives. They took a multifaceted approach that sought to address poverty by creating interventions on several fronts: socio-cultural, economic, political, and environmental. Studying their approaches resulted in a model for the development and implementation of BoP 3.0 initiatives. This model consists of three intertwined theoretical dimensions: understanding issues within those communities as ‘matters of concern’ (Latour 2004; 2008); identifying and understanding limitations based on the context of the community; and, navigating time. These were linked by three active phases (sensemaking; entrainment; and, investment) that allowed the organizations to move from one dimension to the next.

This model is a major contribution to the evolution of BoP 3.0, providing a mechanism through which businesses can better adjust their poverty alleviation activities to communities' circumstances. In doing so they are able to shift their efforts away from treating the symptoms of the problem to instead focusing on its complex causes. Further, our study reaffirms current BoP 3.0 thinking (i.e., Cañeque and Hart 2015; London 2016; Yurdakul et al. 2017) in two ways. First, a more complex and nuanced understanding of poverty that draws on literature across the fields of Management Studies, Sociology and Development Studies is required. Second, whilst the "basic principles and rules of economics and business" (Garrette and Karnani 2010, p. 31) cannot be ignored in BoP poverty alleviation ventures, and making a profit is certainly important, building BoP ventures truly able to alleviate poverty requires organizations to move away from a core focus on profit maximization – as per the BoP 1.0 and 2.0 approaches (Prahalad and Hart 2002; Simanis and Hart 2008). We argue that first focusing on building self-reliant communities will lead to greater success for the businesses in the long-term. We hope this study will lead to more impactful market-based poverty alleviation efforts through a new wave of more targeted BoP 3.0 initiatives.

Theoretical Background

The Development and Evolution of BoP

Since Prahalad and Hart (2002) first introduced the concept of the bottom of the pyramid, the interest in the BoP approach has grown rapidly and as Khavul and Bruton (2013, p. 286) note, poverty "is now recognized as a key element of business in developing countries".

From its initial conception, the BoP approach has gone through a few iterations. The initial approach, BoP 1.0, focused on extending the distribution channels of MNEs to 'sell to the poor' and provide companies with new opportunities for business development. This occurred by implementing 'outside-in, top-down initiatives' such as adapting existing products from MNEs to suit BoP markets, and reducing price points (e.g., single-serving packages of consumer goods such as shampoo) (Arora and Romijn 2012; Cañeque and Hart 2015). Criticized for being nothing more than a form of corporate imperialism (De Soto 2000; London and Hart 2004) and for creating new problems, such as a negative environmental footprint (e.g., Hart 2005; Newell 2008), scholars and practitioners rethought their approach.

The resultant changes associated with BoP 2.0 saw a greater emphasis placed on the empowerment of locals and on developing local entrepreneurs. This shifted the focus from 'selling to the poor' to 'engaging the poor' through bottom-up partnerships. This was done through 'business co-venturing' by co-designing products and services to provide the poor with the opportunity to co-create value (Arora and Romijn 2012; Simanis and Hart 2008), or as Simanis and Hart (2008, p. 3) explain, create value "for all partners in terms important to each". Inherent in the BoP 2.0 approach was an attempt to close the environmental loop at the BoP by attempting to address socially and environmentally related problems (Simanis and Hart 2008).

However, most BoP 1.0 and 2.0 ventures so far "have either failed outright or dramatically under-performed against expectations" (Dasgupta and Hart 2015, p. 96). One possible reason put forward to explain the lack of success of these ventures is the approach to poverty taken by the BoP literature (Newell and Frynas 2007). The BoP literature has often adopted the World Bank's definition of poverty, which is an absence of material welfare defined in terms of per capita income of the poor (i.e., those living on equal to or less than US$1.90 per day[3]) (Kolk et al. 2014; Yurdakul et al. 2017). Consequently, "income generation and traditional economic remedies for poverty

[3] World Bank (2015). http://povertydata.worldbank.org/poverty/home/ (accessed 21 February, 2017).

alleviation are emphasized" (Ansari et al. 2012, p. 815) in most existing BoP ventures, and nearly 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 approach to poverty is considered problematic because it fails to recognize the complexity of poverty and the variety of problems it relates to (Newell and Frynas 2007; Yurdakul et al. 2017).

The second key possible reason underpinning the failure or under-performance of most existing BoP ventures is "the mistaken belief that BoP ventures are no different from new ventures aimed at the developed markets at the top of the pyramid—the assumption that all that is required for venture success is an affordable product and an effective business model for production, marketing and distribution" (Dasgupta and Hart 2015, p. 96).

Consequently, new propositions for modifications to the BoP approach (most commonly referred to as BoP 3.0[4] (e.g., Cañeque and Hart 2015; Cieslik 2016; London 2016; Mason et al. 2017) are emerging, advocating for more inclusive and impactful BoP

[4] While the evolving BoP 3.0 approach overlaps to some extent with social entrepreneurship, in the sense that both represent a market-based approach to solving poverty, it remains different in its focus. Rather than being an additional revenue stream for NGOs or relying partially on grants and donations and other forms of support from non-market actors, as many social enterprises do (Cañeque and Hart 2015; Cieslik 2016; Dasgupta and Hart 2015), BoP 3.0 is instead more focused on the development of inclusive and self-reliant businesses that have the potential to grow.

ventures that are truly able to alleviate poverty (Cañeque and Hart 2015; London, 2016; Mason et al. 2017).

The road ahead – BoP 3.0

To address the problems associated with the previous BoP approaches, there is a greater push for BoP 3.0 to move beyond a predominantly income-based definition of poverty (Yurdakul et al. 2017), to instead consider the "social, political, emotional and even cultural aspects" (Cañeque and Hart 2015, p. 5) that underpin it. In line with this more complex understanding of poverty, BoP 3.0 also advocates for a shift away from singular solutions, and from focusing on a specific need of the poor, toward measuring poverty alleviation as a net positive change in well-being (London 2016; Mason et al. 2017; Nussbaum 2001; Sen 1999).

To date, most studies of BoP ventures have concentrated largely on applying a western business perspective in developing countries (London and Hart 2004; Newell 2008), focusing on the singular efforts of MNEs and sometimes of social enterprises, or on co-venturing models (e.g., Arora and Romijn 2012; Chliova and Ringov 2017; Karnani 2007; Kolk et al. 2014; London 2016). In contrast, much less attention has been paid to the local contexts of poverty (Bruton 2010). We argue that in following the more nuanced view of poverty advocated by BoP 3.0, it is imperative to pay more attention to the local context of BoP communities and thus include more local ventures in BoP research. Local ventures tend to have a very different mindset, often bringing a far more nuanced perspective on the issues faced by the communities they are working with (Bruton 2010; London 2016). Doing so would also be a step forward towards shedding "light on the differences between MNE-led and locally-led BoP initiatives" (Kolk et al. 2014, p. 353), potentially leading to the development of new suites of tools and guidance for future BoP 3.0 initiatives that no longer just rely on cases drawn from BoP 1.0 and 2.0 research (London 2016). It is this thinking that led us to the research question: *What can we learn from local organizations working with BoP communies to alleviate poverty that will help us build next generation BoP 3.0 ventures?*

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

Methods

This study examined the approaches taken by Philippines-based organizations implementing local BoP initiatives. The Philippines was chosen as the context for our

BoP research as it is a country that has not attracted significant research interest in the BoP space (Samia and Nielsen 2008), despite its high levels of poverty: recent Basic Statistics 2016 figures presented by the Asian Development Bank show that approximately one quarter of the country's population lives in poverty[5].

Our study employed a grounded theory approach. This approach is appropriate for understanding 'how' and 'why' questions when analyzing complex phenomena (Eisenhardt 1989), as it "facilitates the exploration of new issues" (Talbot and Boiral 2015, p. 333) and allows for the development of a deeper understanding into extant theoretical perspectives (Locke 2001). Data was gathered via a range of sources: in-depth, semi-structured interviews and observational data collected through site visits conducted across four visits to the Philippines; and, secondary sources including websites, press articles and internal documents obtained from the organizations.

Data Collection

Following the principles set out by Eisenhardt (1989), Creswell (2013) and Patton and Applebaum (2003), we selected our participants purposively and continued to add cases

[5] https://www.adb.org/countries/philippines/poverty, accessed 19 February 2017

iteratively for greater variation. We collected and analyzed data, expanding the sample until we reached theoretical saturation (i.e., where additional cases provided no new information or ideas) (Strauss and Corbin 1998). That point was reached at 21, which was our final sample size.

The respondent organizations were identified through an online keyword search, and via highly networked professionals, e.g., local impact investors, bankers, and managers of co-working spaces. Both for- and non-profit organizations from different sectors were considered for the sample as previous research highlights the important roles that both play in poverty alleviation endeavors in developing markets (London and Hart 2004; London and Rondinelli 2003). Twelve organizations were involved in Manufacturing, four in Services, two in Transport, and one each in Agriculture, Trade, and Education. Table 1 provides an overview of these 21 organizations.

INSERT TABLE 1 ABOUT HERE

Semi-structured interviews were chosen for data collection as they enable consistency across interview subjects, whilst also allowing researchers to follow new pathways of inquiry as they emerge from the interview process (Charmaz and Belgrave 2012). The questions were designed to explore how the organization saw poverty and how they sought to address its alleviation. In addition, questions sought to tease out the actions they took towards achieving this goal; who these affected and how; and, what, if any, obstacles they faced, and how they sought to overcome these. The interview also contained prompts for any relevant additional ideas and topics. Please see Appendix 1 for the interview protocol. Either the founder or a top executive (whoever was available to participate) from these organizations was contacted for interview, as they were the main decision-makers responsible for the activities of the organizations. All interviews were done by one of the researchers. The average length of each interview was approximately 1.5 hours. Interviews were recorded and then transcribed verbatim. Once the interviews were transcribed, they totalled 483 pages (approximately 23 pages per respondent).

Initially, the interview and observation data were triangulated with secondary sources, which provided ample context for understanding the dynamics of how these organizations addressed poverty. This technique was used to enhance both the credibility of our data collection and analysis (Lincoln and Guba 1985; Wallendorf and Belk 1989), as well as the internal validity of our study (Miles and Huberman 1994).

Data Analysis

The grounded theory approach was appropriate for this study as it both describes a process or action and generates a theoretical explanation for them (Corbin and Strauss 2008; Lincoln and Guba 1985). We followed the procedures and techniques widely accepted in grounded theory literature, with the theories and concepts emerging from the data and its analysis, not from prior assumptions (Glaser 1978; O'Reilly et al. 2012; Strauss and Corbin 1998). The literature review on the concepts to emerge from the data and its analysis "was thus developed to theorize the results of the study" (Talbot and Boiral 2015, p. 336). As pointed out by Suddaby (2006), grounded theory "is not an excuse to ignore the literature" (p. 634) and "authors can note that, although they are presenting theoretical concepts in a traditional manner, the concepts did, in fact, emerge from the study" (Suddaby 2006, p. 637).

Our data analysis went through several overlapping stages. In the first stage, we immersed ourselves in the data by reading through the transcripts and making notes on general themes in each transcript. As part of the theoretical coding process (one of the key tenets of grounded theory), we used the constant comparison method and triangulated across researchers to compare notes to ensure the completeness and accuracy of each researcher's analysis and reporting of one case, before moving to the next (O'Reilly et al.

2012; Wallendorf and Belk 1989). The constant comparison method is a hallmark of the grounded theory approach, as it allows for the development of ideas early in the analysis and for frameworks to emerge from both new data and already-analyzed data (Reilly et al. 2012). It was used throughout the entire data analysis process.

In the next stage, interviews were uploaded into NVivo. We then conducted an inductive, open coding process to group together related issues and concepts into first-order categories (Strauss and Corbin 1998), which allowed us to compare incidents, events and information with one another to check for similarities and differences (Glaser 1978). To avoid bias, two researchers (not involved in data gathering) with different academic backgrounds (business and economics, and humanities and social sciences) coded the data, discussing differences and reaching accord on concepts. As we proceeded through the data collection and analysis process, we revised codes and went back and forth between cases to search for similar issues, ideas and patterns.

In the third stage, we undertook axial coding via a combination of inductive and deductive thinking to relate the first-order categories to one another (Strauss and Corbin 1998). This process was iterative and required moving between the transcripts and the relevant literature to develop a more comprehensive theoretical picture of the data (Corbin and Strauss 2008), allowing first-order categories to be collapsed into smaller, conceptual second-order themes (Eisenhardt 1989). The axial coding process led to the identification of seven second-order themes.

The final stage involved selective coding (Strauss and Corbin 1998) whereby we aggregated the seven second-order themes into overarching core theoretical dimensions. We did this by going back and forth between the first-order categories and second-order themes to better understand how these could be refined further into simpler, overarching categories. These coding procedures were conducted in combination with analysis through a process of conceptual memoing, which allowed for the capturing of different ideations of the emerging theory (Holton 2007). Fig. 1 illustrates the structure of our findings and forms the basis for presenting our findings.

INSERT FIGURE 1 ABOUT HERE

Findings and Discussion

We found that the organizations we studied employed a complex diagnostic approach to developing self-reliant communities and their business. In documenting how these organizations worked with their communities, our model for building BoP 3.0 initiatives emerged. This model, illustrated in Fig. 2., revealed three key theoretical dimensions: 1) understanding issues as matters of concern; 2) identifying limitations; and, 3) navigating time. As we delved deeper, the results revealed three *phases* that acted as connectors between these dimensions, allowing the organizations to move from one dimension to the next and helping them to properly build their poverty alleviation initiatives: (1a) *sensemaking*; (2a) *entrainment*; and (3a) *investment*. Taken together, these findings indicate that the organizations engaged in complex problem solving, flowing through a dynamic cycle as they developed and implemented their market-based poverty alleviation initiatives.

INSERT FIGURE 2 ABOUT HERE

In practice, then, these organizations saw poverty as complex 'states of affairs' (Latour 2004) rather than simply as a lack of income (which accounts for **understanding issues as matters of concern**). They took the time to understand (*sensemaking*) how these issues translated into sets of **limitations** within their communities and then actively engaged with these, overcoming them in a systematic way where possible (*entrainment*). In all instances, this required the organizations to elongate traditional business timelines and to also **navigate** different cultural notions of **time** (business time versus community time, for example). Finally, the studied organizations used these processes to ensure more targeted *investment* of time and other resources in both the business and the community.

The result of working in this way was that these organizations flipped the traditional BoP model. In the traditional BoP model, co-creating mutual value (e.g., Simanis and Hart 2008) typically meant either starting with a clear idea of what a product or required resource was and then reinventing it (BoP 1.0) or co-designing that product to adapt to the community (BoP 2.0) (Dasgupta and Hart 2015; Kolk et al. 2014; Simanis and Hart 2008), or bringing the community into service to provide a product you need (Karnani 2007). This reduced "the complex meaning of 'poverty alleviation' and 'development' to the managerially accepted language of 'customer needs' and 'product development'" (Simanis et al. 2008, p. 57). In contrast, many of the businesses in our study were created by first determining what the existing skills, products and resources of their community were. They then developed their businesses based on these, taking very much a bottom-up approach. This meant adjusting the business to the community, not vice versa. This was reflected not only in the fact that businesses emerged from within the community itself - for example, *Habi Footwear's* decision to make shoes came about as a result of deciding what could be done with the existing skills of the weavers in the community -

but also in the focus on equipping the community with the skills and infrastructure required to become self-reliant.

Further, developing self-reliant communities was precisely one of their goals, meaning that the communities could reach a point where they could continue to develop and grow the business without the continued presence or input of the local organization. For example, CMCC-NTFP's long-term goal was to plant the initial seed that would enable their communities to be *"able to move forward and come up with different projects from the project that we started."* Similarly, Bayani Brew stated that they wanted to be "*multipliers and enablers"*, while Anthill emphasized that what they were really aiming for was to "*really foster an environment that will nurture creative entrepreneurs among crafters, artisans and weavers"*.

We now discuss each of the three theoretical dimensions and the three phases connecting the dimensions, before providing support from the interviews using several illustrative power and proof quotes (Pratt 2008) for each of the first-order categories that stem from the second-order themes (refer to Fig. 1). The proof quotes can be found in the three figures that correspond to each of the three theoretical dimensions (Fig. 3, 4 and 5), and the power quotes are embedded throughout the discussion that follows.

Theoretical Dimension 1: Understanding Issues as Matters of Concern

> *"I'll tell you a bit about our Theory of Change. You need money, you need technology, and you need people. On the money side, there has to be enough money available to build safely or else people won't build safely. On the technology side, the right technology needs to be accessible, locally available, culturally appropriate, or else people won't use it. Then, on the people side, somebody actually has to want the house to be safe and be willing to push it through… It's kind of our job to bridge that gap."* (Build Change)

What emerged from our data was that most of the interviewed organizations framed the issues that led to and perpetuated poverty in their communities as matters of concern. That is, they understood these as complex sociological ecosystems that evolved and differed from place-to-place (Latour 2004; 2008). The issue itself – for example, a lack of safe housing, as in the quote above by Build Change – is then merely the visible symptom of a much deeper and complex problem. Treating the root cause – the socio-cultural, economic, environmental and political issues (Latour 2004; 2008) that together form this ecosystem – requires putting assumptions aside and working with the community to uncover and understand the problem in a meaningful way (sensemaking).

In the organizations we studied, this resulted in an inside-out and bottom-up approach, where organizations did not just tailor solutions to the community, but these solutions were formed from *within* the community (e.g., Latour 2004; 2008; Newell 2008; Peredo and Chrisman 2006).

In contrast to this, in much of the BoP literature, these same issues tend to be approached as *matters of fact,* which Latour points out "are only very partial and […] very polemical, very political renderings of matters of concern and only a subset of what could also be called states of affairs" (2004, p. 232). In other words, they are symptomatic rather than systemic. The consequence of this previous approach, particularly within the context of poverty, leads to a tendency to focus on the 'lack' itself (i.e., an income-based approach (Yurdakul et al. 2017)), rather than on the desired outcome. This has led in the past to a linear approach to needs assessment, often making assumptions about the community and its needs (Karnani 2007; Newell 2008; Payne 2001; Peredo and Chrisman 2006). To use a well-known recent example, TOMS shoes' 'buy one, give one program' illustrates this: Wydick et al. (2016) discovered that for children in El Salvador who were part of this scheme, there was no decrease in shoelessness, as "TOMS' charity didn't address the reasons why they were going without shoes in the first place" (Montgomery 2015).

Simply put, treating issues as matters of fact frames everyone's experience in the same way and disregards the contextual complexities – the 'states of affairs' (Latour 2004) - that underpin it. Furthermore, it denies agency to the community in framing their own solutions.

Turning to the structure of our findings outlined in Fig. 1, we found during the analysis process that Understanding Issues as Matters of Concern (Theoretical Dimension 1) was composed of three second-order categories: (i) *Poverty is a Multifaceted Phenomenon*; (ii) an *Inside-Out and Bottom-Up Approach*; and (iii) *Solution Enabling*. Fig. 3 provides some illustrative proof quotes for each of these three second-order themes (each composed of first-order categories, as shown in Fig. 1) to complement the power quotes presented in this section.

INSERT FIGURE 3 ABOUT HERE

Poverty is a Multifaceted Phenomenon (see Fig. 1) emerged as the first second-order theme that led to Understanding Issues as Matters of Concern. Many of the organizations came to realize that to understand poverty in their context meant moving beyond the typical assumption of poverty being just about a lack of income (1st order category A); it was in fact more complicated than that. According to one of our participants:

> *"The situation of the poor, of those in poverty… is not as such financial, it's the bigger picture... There are other facets of poverty, people don't really measure that, they're really all over the financial side of it, that's why things don't work, because they forgot to focus on that side."* (Habi Footwear)

In addition, an organization that was working with multiple communities and groups, including with street dwellers in an urban area, made the point that even within the Philippines, they could see that poverty had many faces (1st order category B). They referred to this as different "*poverty sectors*":

> *"Each poverty sector has a different problem… Like for example, the street dwellers. These are people who are in a way at the margins of society and are living in the streets. They are homeless and so a lot of them are also involved with petty crimes to be able to survive and because of the hardness of life, a lot of them are also into drugs. So, how do you help them? So definitely you cannot use microfinance but if you give them money also then that will be gone immediately."* (CCT)

Another organization working in a rural area saw a different face of poverty again:

"I think poverty is also an access to information. I mean primarily, I guess, their low incomes and their remote nature, being far from a rural area, their mobility is very limited." (Bambike)

This more nuanced understanding of poverty by the studied organizations brings us to our next second order finding (see Fig. 1): the need to take an *Inside-Out and Bottom-Up Approach*. Organizations focused significant time on establishing an in-depth knowledge and awareness of the specific situation of each community to better understand what issues were important to them (1st order category C). From this, they could identify each community's own key concerns and their underlying causes. The following quote exemplifies the importance of taking an inside-out and bottom-up approach to needs assessment:

"We learned about the power of presence, that being in a community, whether in the mountains or here, every day, day in, day out, understanding their needs, understanding what are their difficulties… It's only when you treat them as family and as a friend, and as a partner that you start understanding what their true needs are." (Bayani Brew)

Understanding the needs and concerns of their communities placed the organizations in a better position to assess what they could bring in and offer to the community to help bridge the needs gap (1st order category D). For example:

> *"They have skills but they do not have connections. They can make things but they do not know where to sell it. We on the other hand have connections."* (Gifts and Graces)

The final second-order theme underpinning Understanding Issues as Matters of Concern was *Solution Enabling* (Fig. 1). Specifically, most of the organizations emphasized the importance of not applying the 'charity approach' to addressing poverty (1st order category E), which typically involves offering simple solutions (such as donations) that predominantly treat only the material aspects of poverty. They saw this approach as neither "*sustainable*" (Bayani Brew) nor helpful to the communities as it just encouraged "*spoon-feeding*" rather than enabling them to "*push themselves up*" (Vesti). Instead the organizations sought to break the mentality of relying on handouts, encouraging their community to become self-reliant:

> *"Because they have their skills, they have their resources and they can earn from that rather than getting it free."* (CMCC-NTFP)

To do this, many of the organizations underlined the importance of engaging directly with their communities; working with them to give them the confidence and the opportunities necessary to move forward. The following quote by one of the organizations encapsulates this sentiment of empowerment (1st order category F):

"We try to get them out of the cycle of poverty and we try to teach them what it is to…empower themselves, you know? To have their own business and create their own market, so hopefully some day they can graduate from being part of our partner communities to having their own thing." (Gifts and Graces)

The words of one of our respondents sums up our first theoretical dimension and provides the philosophical framework for many organizations in our sample:

"Many people try to address the material poverty, but we believe that we're trying to address a more painful kind of poverty, a poverty that we all have – a cultural, social, intellectual poverty that has economic consequences. […] It is because our leaders decide for a people that they do not know. It's that we have misguided policies. […] If you really, truly want to end poverty, you yourself, as a change-maker, you have to be changed as well. You have to be involved in the problems, you have to be part of the

solution, and, in the process, also transform as well… Nobody just comes in with money, or with a good business plan, applies it on the ground, and then, that's it. That's actually the easy part. The hard part is getting people to understand what is required in building communities… to, you know, hold as an ecosystem… This is what is important, for us." (Bayani Brew)

Phase 1a: Sensemaking

To facilitate a deeper awareness of the context in which they were operating and what needed to be done for communities within that context, our analysis revealed that from understanding issues as matters of concern, the studied organizations then passed through a *sensemaking phase* (see Fig. 1). Sensemaking enabled organizations "to have a better grasp of what is going on in their environments, … and act in the system to learn from it" (Ancona 2011, p. 3), which then helped to turn the complexity of community-specific issues and concerns into a "situation that is comprehended explicitly in words and that serves as a springboard into action" (Weick et al. 2005, p. 409). In other words, it allowed the organizations to take the time to conceptually frame complex issues (Senge et al. 2007) so that they could develop an in-depth and more intimate understanding of the context in which they are working, the result of which they could "*tailor fit [their]* *training or discussion or workshop, based on really what is in the context of the community; what do they need?*" (Anthill).

Such a 'bespoke' attitude towards community building and engagement activities is in line with the organizations' understanding of the multifaceted nature of poverty, and helped the organizations transition through to the second theoretical dimension (identifying the limitations that accompany their community's key concerns).

Theoretical Dimension 2. Identifying Limitations

The situation-specific issues identified in the sensemaking phase meant that the organizations could better understand the combination of *limitations* they needed to overcome or work with (De Soto 2000; London and Hart 2004). These limitations stemmed from the socio-cultural (for example, gender issues or attitudes to work), economic (for example, financial illiteracy), environmental (such as access to natural resources) and political factors (for example, government policies or conflict zones) that formed part of the immediate as well as broader context the organizations were operating within (e.g., Banerjee and Duflo 2007; Garrette and Karnani 2010; Karnani 2007).

In our analysis (see Fig. 1), we found that Identifying Limitations (Theoretical Dimension 2) comprised two second-order themes: (i) those limitations that acted as *fixed* *boundaries* that must be respected, and (ii) those that could or should be *changed*. Organizations working with multiple communities had to be particularly attentive to the range of limitations they faced, as what might be a changeable limitation in one community could in fact be a fixed boundary in another, and vice versa. The studied organizations identified that fixed boundaries (such as socio-cultural rituals and practices) were fundamental to their community as they informally prescribed and defined patterns of acceptable behavior (Onyx and Bullen 2000). On the other hand, changeable limitations required the organizations to carefully plan their activities to ensure that limitations were removed in the correct order. For example, providing an income or microcredit to a community without educating the community first on how to manage their money and make financially responsible decisions would most likely lead to failure (Kroeger and Weber 2014). Similarly, building a school within a community to address lack of education opportunities amongst children would be pointless if a community's capacity and ability to provide teaching is not first built up (Bansal and DesJardine 2014). Fig. 4 offers illustrative proof quotes for the first-order categories that make up each of these two second-order themes; these complement the power quotes provided below.

INSERT FIGURE 4 ABOUT HERE

Looking at the first second-order theme for Identifying Limitations, *Fixed Boundaries* (see Fig. 1), the results showed that there were socio-cultural, economic, environmental and political boundaries that needed to be respected and worked around (1st order category G). For example, there were clear fixed natural environmental boundaries at play in some communities as experienced, for example, by one of the organizations – CMCC – that markets non-timber forest products. These natural environmental boundaries determined the types and amount of product that could be produced and if crossed, could lead over time to the collapse of the community and the organization. Other examples included a complex combination of socio-cultural and economic boundaries that resulted from highly patriarchal systems, which could create further economic and social costs (Karnani 2007). This was highlighted by the following organization:

> *"So it really depends on the cultural practices. There are communities that were highly patriarchal where the men have control. Yeah, they have control over the income so that's why we have a problem. The women complain the part or the share in the income that goes to them is used for the family needs but the men they use it for other… yun drinking or sugal."* (CMCC)

Another organization, EVEEi, focused on changing the current exploitative 'boundary system model' of rental agreements between jeepney owners and drivers. Thus, they found themselves having to work around fixed *political boundaries* in the form of 'political' pressure and threats of violence. These came from the existing network of powerful jeepney organizations whose profitability would be threatened by changing the 'boundary system model' of rental agreements:

> *"We're talking about mafia-like thugs who run the associations, the cooperatives, the so-called jeepney organizations, and they act like thugs. ... They don't like the idea of abolishing the boundaries system. They earned so much money that way at the expense of the driver. If they use our system, their profits will go much, much lower."* (EVEEi)

Some fixed boundaries had wider implications for employment and work practices as well as on health-care and child-care provision. For example, a high birth rate was brought up time and again as a fixed, complex, intertwined socio-cultural and economic boundary the organizations had to work around, as illustrated through the following quote:

"If they employ people in the province they have many kids. They have many mouths to feed and their wives are pregnant every year." (Domesticity)

As the women in this context have the responsibility to look after their children and their homes, many of the organizations had to respond by offering flexible hours and setting projects that could be done from home, or provide access to child-care as well as free health-care for children. Without these measures in place to free up some of a woman's responsibilities, these organizations would not be able to employ women in these communities in their businesses, which would only make their poverty alleviation efforts more difficult to achieve.

The next second-order theme, *Changeable Limitations* (Fig. 1), was also socio-cultural, economic, environmental or political in nature. These were limitations that either could be or should be removed (1st order category H).

Of all the changeable limitations that organizations identified as being necessary to remove, one stood out as the most pervasive and culturally embedded – a poverty mindset and mentality that created deeply entrenched socio-cultural differences (e.g., Bradley et al. 2012). Many organizations recognized that this poverty mindset was a key barrier to the successful implementation of poverty alleviation initiatives (see Vesti quote below).

Yet, many noted the challenge they faced in working to overcome this limitation as they saw it as being part of their community's poverty (see the second quote from Habi below):

> *"The main issue for working with weavers is their mindset. You have to change their mindset. You have to motivate them."* (Vesti)

> *"It's hard for them to try again without someone telling them that yes, you can try again, to get them to learn their helplessness, their emotional and mental side of poverty, it's what is the hardest to penetrate, because it's embedded in them."* (Habi Footwear)

Another example of the diverse changeable limitations identified by the participating organizations included: socio-cultural limitations such as drinking problems in communities (e.g., Karnani 2007), a problem that GKonomics recognized was exacerbated by paying salaries fortnightly, which meant:

> *"… there's no one at work tomorrow because they're all drunk… they have a lot of money so there's no point going to work tomorrow."* (GKonomics)

GKonomics addressed the problem by paying salaries weekly so that community members had smaller amounts of money more frequently, thus reducing the temptation to spend it all on alcohol. They also provided training to help their communities understand the concept of saving and on spending their money on necessities instead of on alcohol and tobacco – a not uncommon problem amongst poor people (e.g., Banerjee and Duflo 2007; Garrette and Karnani 2010).

Other examples of changeable limitations included socio-cultural limitations such as jealousy and conflict that arose when a community within a region or when certain groups within a community (for example, women), started to become successful. There were also environmental limitations such as pollution, which organizations such as Getevee, who were introducing electric cars into the Jeepney system, were attempting to address. Finally, organizations had to overcome economic limitations such as a lack of financial literacy, financial mismanagement and high debt levels. In fact, financial literacy and management were identified by nearly all organizations as key factors in addressing poverty:

> *"Then he receives the money and what does he do? He buys a new refrigerator. He buys a motorcycle. All the things that are not productive actually. A refrigerator is good if you have a cold industry that needs refrigeration but just to show your neighbors that you*

have a TV?... So we have to address that… We have to teach them and many are responding to this." (Sidlakpinoy)

Another organization, Build Change, explained that the key limitation faced by their organization, which was working to address the poor and unsafe construction of housing in the slums of Manila, was the lack of properly trained builders. They shared with us their approach to overcoming this:

"So, for us it's important that local builders who are working on the houses that homeowners are rebuilding or retrofitting are trained, and can fit construction practices. We kind of do training in two ways… The kind of ideal scenario is that we partner with local training institutions… The kind of training that we advocate for is competency-based training… We also work with governments and vocational institutions to approve these curriculums so that they're nationally recognized and can be nationally certified… We will also provide on-the-job training… We actually hired builders from the local community who are good and we train them up to kind of go around on the different sites and provide hands-on support to different builders as they're building." (Build Change)

Phase 2a: Entrainment

Once organizations identified the limitations they faced, they then transitioned through the *entrainment phase* (Fig. 1), whereby organizations and the community adjusted or moderated their behavior and actions over time to best balance each other's needs (Ancona and Waller 2007; Bluedorn and Denhardt 1988). In other words, entrainment allowed the organizations to develop an understanding of the various social and cultural practices that might impact on their ability to deliver on business outcomes (Ancona and Waller 2007) via engaging in a relational process of dialogue and collaborative inquiry (Senge et al. 2007). For example, CMCC-NTFP spoke of "*not just producing for the market, but also ensuring the integrity of [the community's] own weaving tradition and their own culture*." In practice, this meant they had a consultative approach to product development, often not using certain patterns despite their marketability.

Entrainment was also essential to the organizations' ability to navigate competing timeframes, transitioning to the next dimension as we discuss in the following section. As the quote below illustrates, it helped the organizations to adjust the timing of their activities to their context and the limitations and issues at hand, in effect creating a third 'sustainable' timeframe:

> *"We have calendars. We follow those calendars. So there are times when they cannot be disturbed because they're into farming."* (CMCC NTFP)

Theoretical Dimension 3. Navigating Time

While time necessarily weaves its way throughout all the dimensions and phases of the model, the Navigating Time theoretical dimension of the model refers specifically to the navigation of sometimes conflicting timeframes. The synchronization of the business timeframes to those of the community is necessary, as “society’s time scales are longer than those of business” (Bansal and DesJardine 2014, p. 72), and thus require a longer time horizon (Dyllick and Muff 2016). It is important for organizations to identify the perceptions of time of each of their stakeholders to better understand their needs and their behavior. For the organizations in our study, this meant bridging the more typical Western-oriented approach to time that investors and clients have – i.e., ‘clock time’ (Mitchell and James 2001; Slawinski and Bansal 2012) – with that of ‘event time’, which is more common in a community setting (Schein 1992; Slawinski and Bansal 2012). While ‘clock time’ is precise, divisible and quantifiable (Mitchell and James 2001; Slawinski and Bansal 2012), ‘event time’ has a greater focus on relationships rather than achieving on efficiency in the short term and is therefore more open-ended, cyclical and subjective (Schein 1992; Slawinski and Bansal 2012). ‘Event time’ can be seen as ‘local time’, which dictates not only what is and is not possible, but also when something is possible (Bluehorn and Denhardt 1988). Addressing poverty in a developing country thus requires a multi-layered, complex perspective of time (Slawinski and Bansal 2012) with the ability to "act in coordination [with] but subscribe to differing temporal orientations" (Bluedorn and Denhardt 1988, p. 307).

Looking at the structure of our findings as presented in Fig. 1, we found during the analysis process that Navigating Time (Theoretical Dimension 3) comprised two second-order themes: (i) *synchronization*, and (ii) *sequence*. To complement the power quotes provided in the following discussion of the second-order themes, refer to Fig. 5 for further illustrative proof quotes. Each of these second-order themes was composed of a few first order categories.

INSERT FIGURE 5 ABOUT HERE

Looking at the first second-order theme of Navigating Time, *Synchronization* (Fig. 1), our analysis showed that many of the organizations discovered that they had to factor in the different notions of time (1st order category I) of their communities. From a Western-oriented business perspective, time is seen as a cycle of seconds, minutes, hours, days, and so on (e.g., Slawinski and Bansal 2012), but understanding 'local time' involves seeing time through a socio-cultural lens that includes differences in priorities and work practices, as described by the following organization:

> *"The kind of business that I have requires people to come in every day, all year round, while they were used to so many years of sugar farming when half the year they are waiting for the crops to grow and only half the year they're working."* (Domesticity)

Many of the organizations also identified that another aspect to the different notions of time of their communities was that poverty – and the daily grind of just trying to survive and to put food onto the table – meant that it was difficult for their communities to think in the long-term (as illustrated by the quote from Foundation for These-Abled Persons below); their time horizon was often immediate or at least very short term, adding significant challenges to an organization's ability to navigate activities in a timely manner:

> *"You talk to poor people, their perspective in life is not next year or in ten years. That's nothing. They don't worry about next year… the next day, I need to be paid. I need to send my kids to school."* (Foundation for These-Abled Persons)

Following on from this, a number of the organizations identified the complexities of managing stakeholder time expectations (1st order category J) due to certain limitations and fixed boundaries posing logistical difficulties that often necessitated the elongation of the business timeframes. For example, Anthill faced the problem of a slower supply chain simply because their communities were located right in the middle of the country. They explained to us the impact that this had on their ability to turn around products in a timely manner:

> *"When we need something, there are limitations in the turnaround and there are challenges in our supply chain because of that."* (Anthill)

The next second-order theme that emerged with respect to Navigating Time was *Sequence* (Fig. 1). Several organizations discussed the importance of the correct staging of their activities (1st order category K) as a factor contributing to their success; these businesses recognized that they had to address community concerns and overcome limitations or work around fixed boundaries, but they needed to do these things in a systematic manner, and over a period of time. These activities and processes not only had to be timed in the correct order, but each step of the process had to be fully set up before the organization could proceed to the next step. These steps could take months or even years, leading to a significant elongation of the organization's timeframes.

As an example of this, EVEEi recognized that the only way they could break down the existing jeepney cartel and the exploitative boundary system of rental agreements between drivers and operators of jeepneys in the Philippines was to prove that their business model worked and was profitable – which required time (eight years in fact) and an iterative process whereby barriers and limitations were removed in a systematic manner to facilitate their goals. This was a point emphasized in their interview:

> *"The only objective we wanted was to prove that the use of electric vehicles in public transport in the Philippines context is profitable."* (EVEEi)

Only after proving that the system worked could they approach the Department of Transport and Communications to get them to sign off on their alternative approach to boundary system of rental agreements between drivers and jeepney. This then allowed them to charge 10% more for fares and employ their drivers as regular employees earning above minimum wages, consequently contributing to bringing their drivers out of poverty.

A further aspect to *Sequence* that emerged from the results was adhering to socio-cultural norms, practices and environmental boundaries (1st order category L), an issue that further elongated the business timeframes, as illustrated in the following quote:

> *"This is a community enterprise, so… decision-making is longer. You have to get the consensus of everyone especially if there are elders... But aside from the enterprise you have elders who make decisions. There are also cultural practices that make decision-making longer. Rituals are a big part of the whole activity. Before you can harvest you do rituals."* (CMCC-NTFP)

Phase 3a. Investment

Once the studied organizations understood the timeframes they needed to work with and how best to synchronize their activities and sequence them in the correct order, our data analysis indicated that they transitioned through the *investment phase* (see Fig. 1). These investments included time and money necessary for the development and implementation of poverty alleviation initiatives, but also investment of other resources such as training, and, importantly, emotional investment. The investment phase allowed for a fuller understanding of the complexity of time and what action-driven work (Senge et al. 2007) was required of the organizations as they moved forward with and built their collaborative market-based poverty alleviation efforts.

Our results showed that time itself was perhaps the most significant *investment* in and of itself for these organizations. Consider the following:

> *"This is where a lot of investment had to happen, because we had to get their buy-in to work with us. It's not as easy as going to them and saying, "You have no choice, you have to work with me, that's it, because I'm the one that's here." If they don't want to work with you, even if you're there… It happens over time. You start; sometimes you do it at a loss. That's why we have to spend a day-to-day presence with them."* (Bayani Brew)

Contributions and Implications for Theory and Practice

> *"I need them to succeed for me to succeed, because without them I wouldn't be doing this anyway … so that's how I see it – we have to be growing both proportions."* (Vesti)

This study began with the aim of facilitating a greater understanding of the perspective and experiences of local organizations working with BoP communities to alleviate poverty through a grounded theory study of 21 Philippines-based organizations. Our aim was to contribute to the growing BoP 3.0 literature by asking what we can learn from these organizations. The major contribution in this paper is the proposal of a mechanism, via our model (Fig. 2), through which businesses can better design and implement their poverty alleviation activities, shifting their efforts away from treating the symptoms of the problem to instead focusing on its complex causes.

There are several theoretical and practical implications that stem from this model. The first of these is the need for organizations operating in the BoP space to better understand the multifaceted nature of poverty and to shift their focus from economic to community (Ansari et al. 2012; Yurdakul et al. 2017). This cements current thinking in the emerging BoP 3.0 approach in which "the inextricably entangled nature of the economic, social and political practices" are more closely considered (Mason et al. 2017, p. 267).

All the organizations we studied demonstrated a nuanced understanding of poverty, seeing it as a complex issue that was more closely aligned to the Development Studies literature on poverty; which sees a lack of economic wealth as merely the tip of the iceberg and usually the visible symptom of much deeper and complex problems (Ansari et al. 2012; Narayan 2000; Roxas and Ungson 2011; Sumner 2007). This field of scholarship sees poverty as a culturally contingent, multidimensional dynamic problem whose many interlocking factors reinforce and contribute to its persistence (Chakravarti 2006; Narayan 2000; Rahman et al. 2016). In addition, poverty can incorporate a 'cultural deficiency', whereby norms of behavior stemming from cultural factors become deeply ingrained, creating a poverty culture or mindset that is difficult to break and that may impede any change efforts (Bradley et al. 2012; Harrison and Huntington 2000). In fact, our organizations repeatedly noted the 'poverty mindset' as one of the greatest limitations for their communities and for the business.

A primarily economic-based view of poverty is intrinsically limited and narrow (Lipton and Ravallion 1995), which may go some way in explaining why many BoP initiatives have not been very successful at either generating profits or alleviating poverty (Arora and Romjin 2011; Garrette and Karnani 2010; Karnani 2010; Simanis 2012). Solving a problem as complex as poverty requires an equally complex solution, and a more nuanced definition of what poverty is and its causes might help to "improve our understanding of poverty and shed new light on ways to alleviate the problem" (Yurdakul et al. 2017, p. 290). As Mason et al. (2017, p. 267) argue, BoP 3.0 ventures require both "different theoretical and philosophical lenses." We join London (2016) in his call for a multidisciplinary approach to understanding poverty, bringing together literature from across the fields of Development Studies, Sociology and Management Studies into the BoP space. Further, systems thinking work is also crucial for building BoP 3.0 initiatives.

We show below how our study contributes to this particular stream of literature.

"When confronted with a complex problem, a problem solver has to build a parsimonious and viable representation of the most relevant aspects of the problem structure. That is, he or she first has to acquire viable knowledge about the problem" (Greiff et al. 2015, p. 358). Accordingly, perhaps as a result of this deeper understanding of poverty, the studied organizations made the communities they worked with a central focus, seeing them as complex ecosystems rather than as marketplaces. As the quote from Vesti that opens this section illustrates, organizations recognized the need to work symbiotically with their communities rather than simply alongside them if they were to succeed. In practice, this led to businesses evolving from within the community and taking advantage of artisanal work and products already being generated, unlike in the case of BoP 2.0 where the product or service was instead designed around the core competencies of the intervening company (e.g., Simanis and Hart 2008).

This indicates that building BoP 3.0 initiatives is a collaborative process that involves engaging communities and focusing on solving complex problems through systemic change. Here, our model makes an important theoretical contribution, linking the BoP literature with Senge et al.'s (2007) existing system-centered problem-solving processes (i.e., conceptual, relational, and action-driven work). Conceptual work helps make sense of complex issues (Senge et al. 2007). This work is reflected especially by the sensemaking phase in our model. Relational work builds “quality of relationships that shape cooperation, trust, mutuality and joint learning” (Senge et al. 2007, p. 47). Entrainment is an important element of relational work, as it helped the organizations to build solutions that are both respectful of the cultures and ecosystems within which they operate and also tied to the limitations they encountered in their communities. Finally, action-driven work enables “whole new levels of action” (Senge et al. 2007, p. 49) as it allowed for the design of culturally appropriate and successful actions, whilst ensuring a more targeted investment of time and other resources in both the business and the community.

Perhaps the most marked implications of our study are for business timeframes and investment (theoretical dimension 3 and phase 3a). First and foremost is a shift from the short termism that dominates organizations (Bansal and DesJardine 2014; Dyllick and Muff 2016) to long-term sustainable timeframes “in order to enhance both organizational *and* societal outcomes over the long term” (Bansal and DesJardine 2014, p. 71). To achieve this, businesses need to better balance ‘local time’ and business ‘clock time’ (Bluehorn and Denhardt 1988; Slawinski and Bansal 2012), understanding the need to account for breaks in production as a result of cultural practices and the like. Further, our findings also point to the importance of stakeholder management (specifically, managing stakeholder expectations) in order to ensure that BoP initiatives do not just pay attention to the needs of powerful 'Western' stakeholders (such as retailers, distributors and wholesalers, for example), but also to the vulnerable or marginal stakeholders (i.e., the communities themselves) (Roloff 2008). BoP ventures must be able to adapt to and accommodate changes and local-context issues to account for cultural differences and societal problems, thus necessitating a long term perspective. This, of course, requires better communication with all stakeholders (this includes the BoP community) (Roloff 2008) about timelines and the timing of investment bursts.

Implementing and developing BoP initiatives that lead to self-reliant communities suggests that organizations interested in moving into the BoP space need to focus first on equipping the community with the necessary skills (economic and socio-cultural) and infrastructure (child-care, access to education and health-care) that will help communities to overcome the limitations that perhaps have – to date – held them back and contributed to their poverty. This is widely consistent with the fundamental principles outlined in Nobel Laureate Amartya Sen's prize-winning book, *Development as Freedom* (1999). Our study highlights the importance of the concepts of community wellbeing, capabilities, and personal agency (Nussbaum 2001; Sen 1999) in business development in the BoP space.

Our model also adds to the existing body of research in the BoP 3.0 space by showing that BoP initiatives do not necessarily require the involvement of MNEs. Rather, our study shows that local organizations can themselves be initiators and developers of highly targeted, more localized BoP initiatives.

Local organizations can include social enterprises. Therefore, our research contributes to the existing social entrerpreneurship literature by providing a framework for a more collaborative, system-centred problem-solving approach to poverty alleviation (Senge et al. 2007). Our model could assist social enterprises operating within the BoP 3.0 space to develop initiatives that lead to greater improvements in overall community wellbeing by providing them with a mechanism to strengthen their engagement efforts with local communities.

Finally, a practical implication of our study points to the importance of a systems approach (Senge et al. 2015). BoP 3.0 initiatives are based on solving complex problems and creating systemic change. As Senge et al. (2015) argue, doing so requires developing three particular capabilities: (1) the ability to see the larger system, (2) fostering reflection and generative conversations which form a doorway for building trust, and (3) shifting a collective focus from reactive problem solving (which leads to addressing symptoms of the problem) to co-creating the future (which is more likely to lead to addressing the causes of the problem). This is true for any organization operating at the BoP, including social enterprises. We hope that the conceptual model presented in this study will be a first step in creating systemic change in the fight against poverty.

Limitations and Future Research

There are two key limitations to this study. The first is that this research was cross-sectional in nature, meaning we were unable to examine and chart the progress and effectiveness of the organizations' activities. Given the complex and multidimensional nature of poverty, poverty alleviation efforts require time. Future research would benefit from a longitudinal design to improve our understanding of the three dimensions and phases. For example, are some of these dimensions and phases more important or more time-consuming than others?

The second limitation is that we have looked only at organizations operating within the cultural context of the Philippines. Further research is required to see if the approach outlined in this paper emerges in other cultures in developing countries; and even amongst First Nations peoples in developed countries; or, whether it is a function of the cultural outlook of the Philippines (Hofstede 2011).

Our work potentially has important implications for the performance measurement of market-based solutions to poverty that should be tested in future studies. Measuring impact within the model that emerged from our findings seems relatively straightforward, with performance measures framed by the type of limitations encountered by the organizations in each community. Initially, this can be measured through the establishment of strong mutual trust and the development of good relationships with community members. Other measures could answer the following questions: Are boundaries being respected or breached? How is change progressing? The complexity in measurement comes in determining the specific indicators based on the context and limitations specific to each community. Future research efforts could focus on the development of a series of performance indicators associated with the three dimensions and three phases of our model, in order to provide more specific guidance for BoP 3.0 endeavors.

Further, our study has identified time as a crucial factor in developing BoP 3.0 initiatives. Navigating Time is one of the theoretical dimensions of our model and time is also clearly relevant to all other dimensions and phases within the model. Surprisingly, existing BoP research has dedicated very little attention to the importance of time when setting up BoP initiatives, despite its impact on elongating timeframes and stakeholder management issues. Our work potentially only shows the tip of the iceberg in terms of the impact that navigating different notions of time has on implementing BoP initiatives. Further research should therefore explore in greater detail the impact of time on organizations operating in the BoP space and the implications nagivating different notions of time has on the success of these initiatives.

Conclusion

In sum, our research contributes to the evolution of BoP 3.0 by advancing a model for building BoP initiatives that focuses on a way forward for better and more collaborative partnerships between business and community. It demonstrates the need to adopt an approach towards poverty alleviation that recognizes the need for greater community embeddedness by businesses. This is a timely intervention given the need for new approaches to povery alleviation, and we hope this model helps practitioners, theorists and public policy makers better target their efforts through a sustained co-learning effort by all parties to interweave social and economic value frames to co-create mutual value at the BoP.

Perhaps it is time to take a leaf out of GKonomics' book and think of BoP 3.0 as:

> *"a completely different thing [...] it's 'business unusual' because we're doing things completely differently from everything we learned in business school and everything we do from our personal businesses."* (GKonomics)

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Table 1 Characteristics of sample

Organization	Website	Industry	NFP/FP *	Communities involved	Key locations of operations
Akaba	www.akaba.co	Manufacturing and trade – textile (bags and bagpacks)	FP	Rural	Multiple
Anthill	www.changemakers.com/fabricofchange/entries/anthill-fabric-gallery	Manufacturing and Trade – textile	FP	Rural	Multiple
Bambike	bambike.com	Manufacturing bicycles, Services tourism	FP	Urban/rural	Manila region
Bayani Brew	bayanibrew.com	Manufacturing – Beverage	FP	Rural	Multiple
Build Change	www.buildchange.org	Services – Construction	NFP	Urban/rural	Country-wide
Centre for Community Transformation (CCT)	cct.org.ph	Services – various (health, education, finance)	NFP	Urban/rural	Country-wide

Organization	Website	Industry	NFP/FP *	Communities involved	Key locations of operations
CMCC	www.cmcrafts.org	Services – marketing	FP	Rural	Country-wide
Coffee for Peace	www.coffeeforpeace.com	Agriculture, manufacturing, services – food and coffee	FP	Rural	Multiple Mindanao - focused
Domesticity	www.mydomesticity.com	Manufacturing – homeware	FP	Rural	Multiple
Electric Vehicle Expansion Enterprises Inc. (EVEEi)	www.eveei.com	Transport – Electric Vehicles	FP	Urban	Manila
Foundation for These-Abled Persons	fti2009.com/index.php	Manufacturing – Furniture and other wood products	NFP	Urban/Rural	Multiple
Four Eyes	foureyes.com.ph	Manufacturing and Trade – Eyeware	FP	Urban/Rural	Country-wide

Organization	Website	Industry	NFP/FP *	Communities involved	Key locations of operations
Getevee	getevee.com	Transport – Electric Vehicles	FP	Urban	Manila
Gifts and Graces	www.facebook.com/gngfairtrade ; www.giftsandgraces.com	Manufacturing, trade – textile, and other products	NFP	Urban/Rural	Multiple - Manila focused
Gkonomics	www.gkonomics.com	Trade – wholesale and retail artisan products	NFP	Urban/Rural	Country-wide
Habi Footwear	www.habifootwear.com	Manufacturing and Trade – textile and footwear	FP	Urban	Mutiple – Manila focused
Klik Eskuela	www.facebook.com/klikeskuela3	Education	FP	Urban	Multiple
Mabuhay Restop	www.mabuhayrestops.com	Services tourism, Retail trade, hospitality	NFP	Urban	Manila

Organization	Website	Industry	NFP/FP *	Communities involved	Key locations of operations
NTFP	ntfp.org	Manufacturing – non-timber forest products	NFP	Rural	Multiple
Sidlakpinoy	onestore.ph/index.php/home/product_view/2054/Sidlak-Pinoy-Bricks ; impactquarterly.asiaiix.com/first-round-impact-accelerator-completed-philippines/#.V7U5qq5nTyd	Manufacturing – construction material	FP	Rural	Multiple
Vesti	www.choosesocial.ph/organization/vesti; https://www.facebook.com/VESTI-202120546505720/	Manufacturing – Textile (bags and apparel)	FP	Rural	Multiple

* *NFP = Not For Profit; FP = For Profit*

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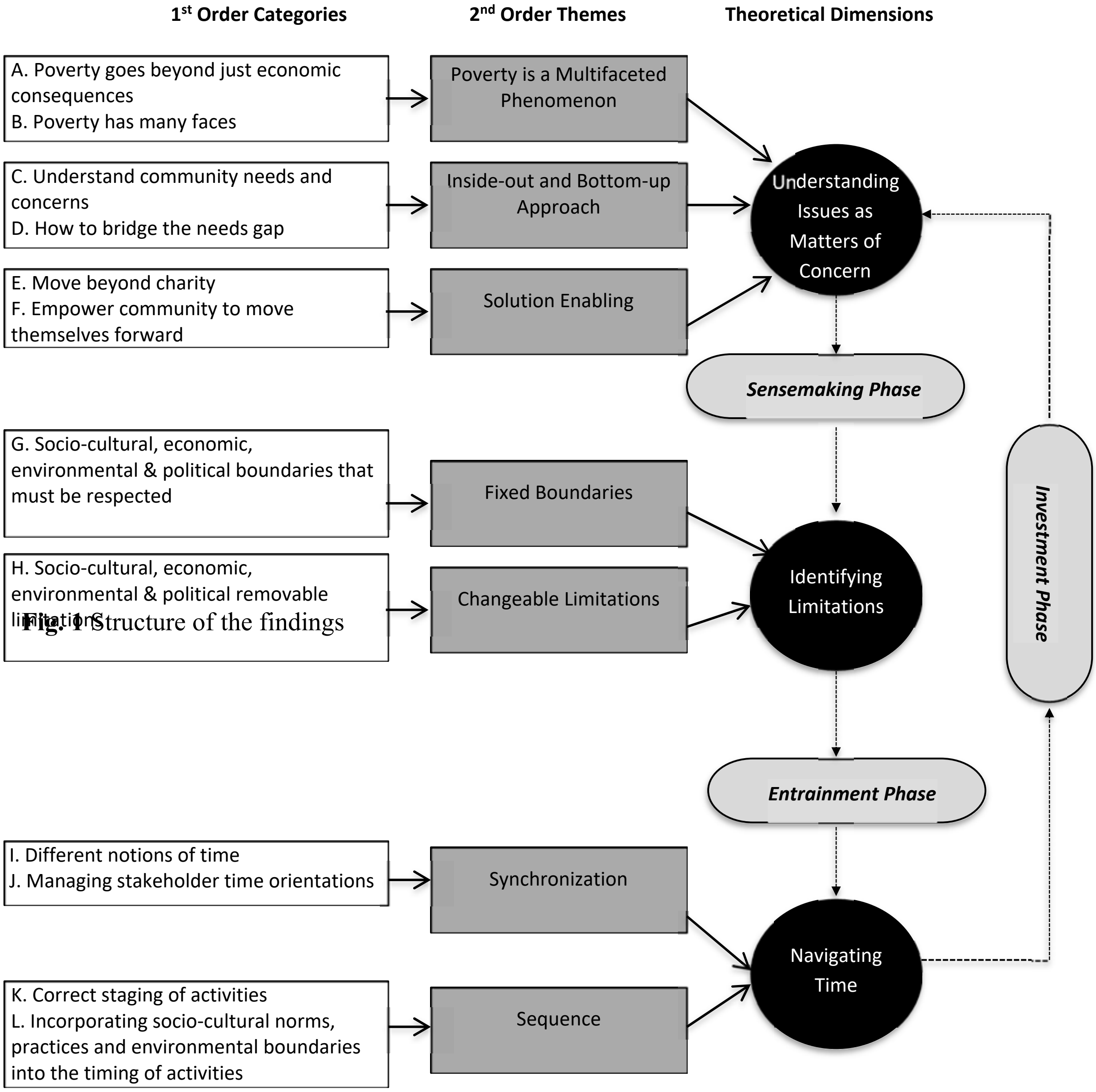

Fig. 1 Structure of the findings

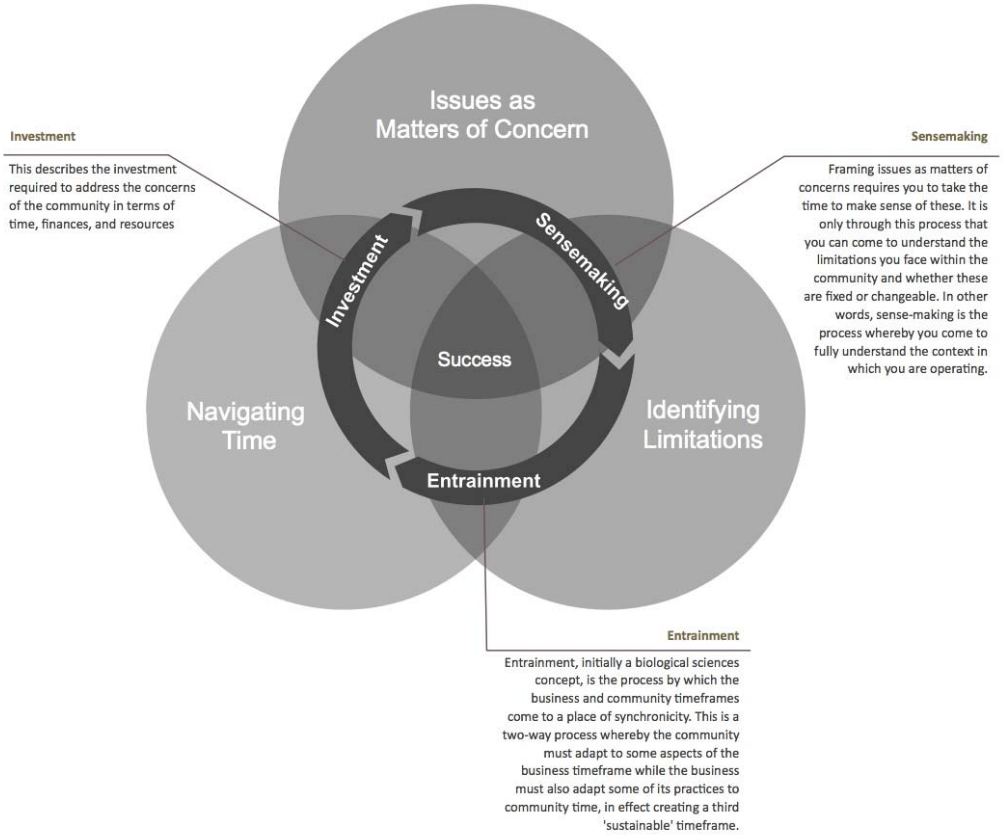

Fig. 2 A model for building BoP 3.0 initiatives

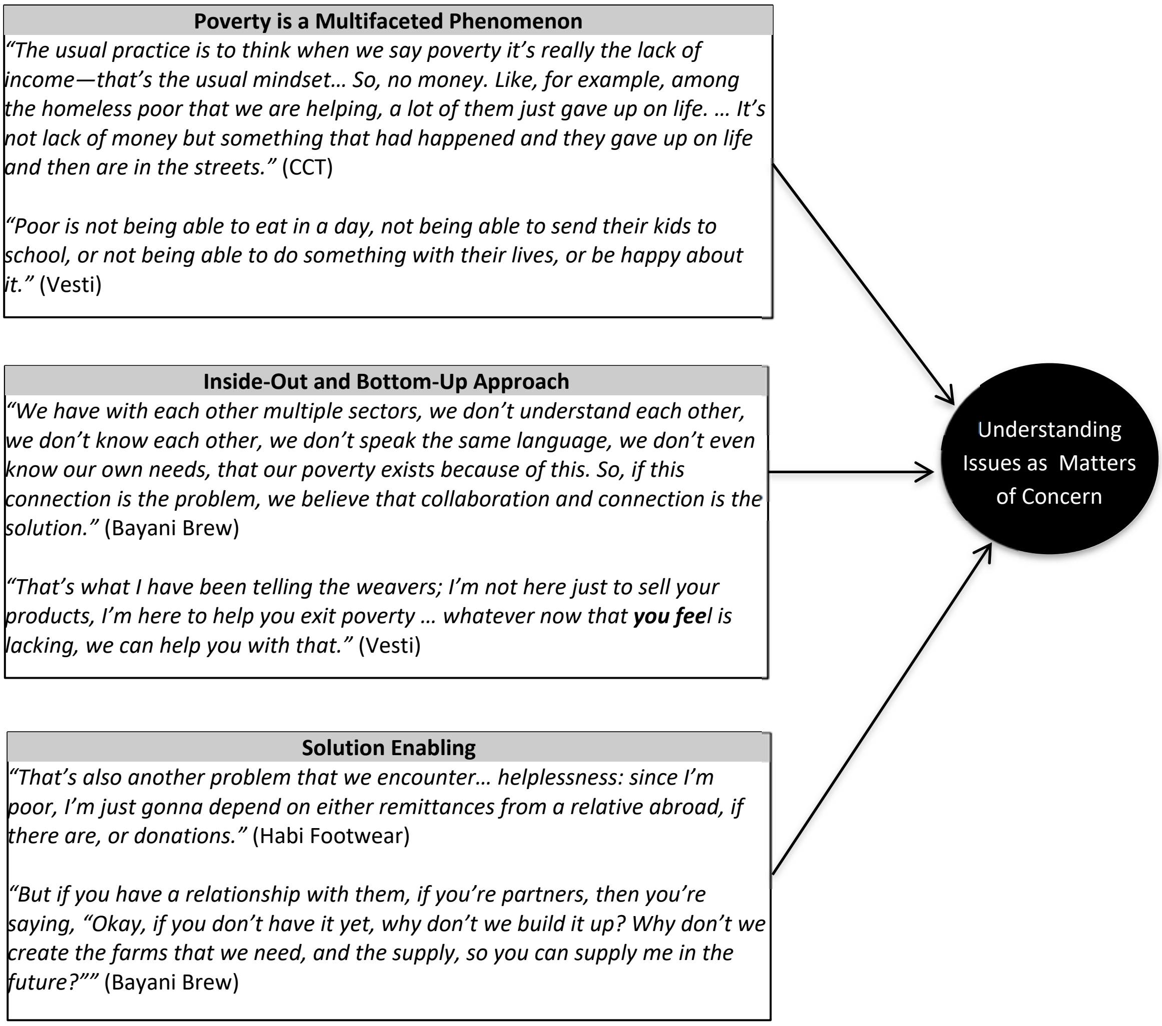

Fig. 3 Understanding issues as matters of concern

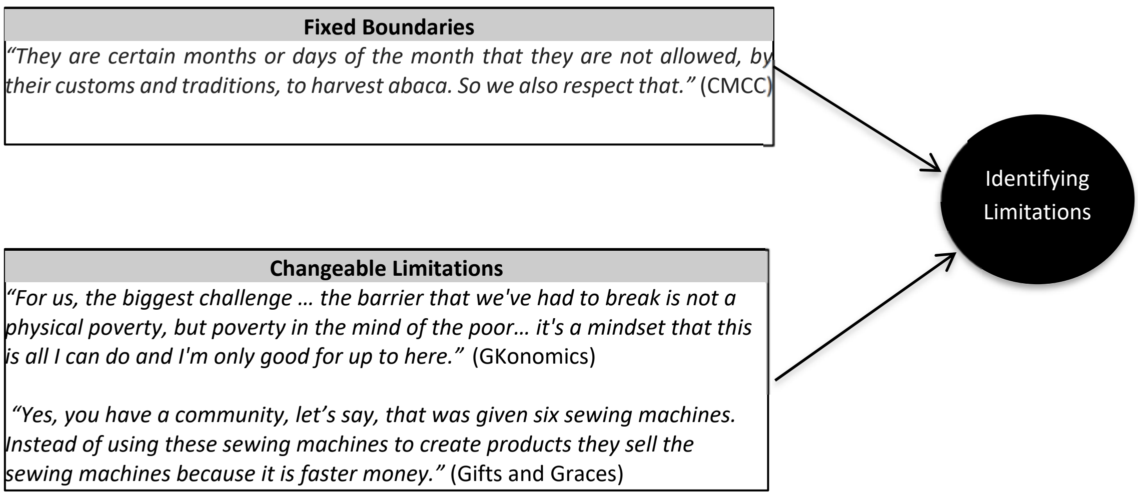

Fig. 4 Identifying limitations

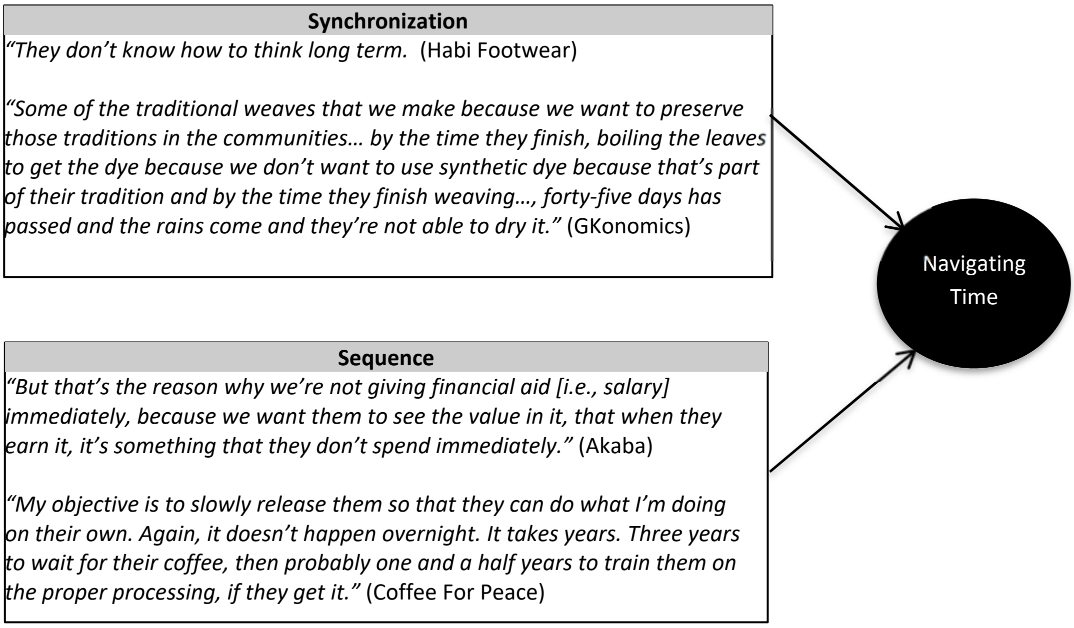

Fig. 5 Navigating time

Appendix 1 – Interview Protocol

Interview guide and questions

Greet the interviewee, introduce the project and its requirements and goals. Inform them about data collection and analysis and sign documents.

1. **Introduction** – ask the interviewee to present himself/herself, ask about the history of the organization and how the interviewee got involved in it and what he/she does.
2. **Problem addressed** – ask about the problem the organization addresses, what it looks like.
3. **Motivation** – ask why the interviewee decided to address the problem.
4. **How problem is addressed** – ask about how the problem is addressed (ask about the details of activities that address the problem, what they are, who performs them etc.), prompt information about collaborations if this has not emerged yet.
5. **Finances and profits** – ask about the finances of the organization – how it earns money, what are the costs and income streams, is the organization profitable, if this is not clear, prompt information on how addressing the problem influences finances etc.
6. **Trade offs and tensions** – if not clear yet, prompt information about the potential tension the organization experiences, any difficult decisions to be made?
7. **Value capture** (stakeholder + value capture mechanism) – If not clear yet, ask about how the communities and different stakeholders benefit over time (pay special attention to the mechanisms that ensure the communities and other stakeholders benefit from being involved in the organization).
8. **Definition of success** – ask about the definition of success in the organization. Pay attention to the timeframe of success.
9. **Measurement and outcomes** – ask whether there are any measures of success in place and whether and how the organization measures its success (what indicators are used – ask for an example) what are the outcomes so far?
10. **Examples of what worked and did not work** – ask for examples of what worked really well and what did not work and why.
11. **What is needed to achieve success** – prompt information about success factors and obstacles.
12. **Additional details -** ask whether any important details were omitted and ask if the interviewee wants do add or change anything?