Empowerment of the Bottom of the Pyramid Market: Entrepreneurship Education

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ABSTRACT
Entrepreneurship is not only about creating the plans for business but also to commence new ventures. Creativity, Innovation and economic growth work as catalysts for entrepreneurs. We can develop future opinion leaders by developing high-potential students by imparting entrepreneurial education at universities. The research paper will highlight the importance of economic and social benefits of young growing enterprises and need of entrepreneurship education at the “Bottom of the Pyramid”. Social Inclusion is a matter of serious concern in the future. The most essential reason for the concept of entrepreneurship at the grass-roots is to find sustainable solutions to overcome the injustices of poverty. It will recognize the role of social entrepreneurs and to develop strategies to increase the number of people attracted to entrepreneurship education at the Bottom of the Pyramid.

Key words: Entrepreneurship Education, Bottom of the Pyramid, Social Inclusion, Social Entrepreneurs.

INTRODUCTION
Entrepreneurship has been identified as a mechanism to remove poverty (Hart, 2007; Matten and Crane, 2005; (Peredo and Chrisman, 2006). Poverty is more prominent in ‘Base of the Pyramid’ (BOP) regions. Indeed, a lot of the socio-economic groups are suffering from Social Exclusion. Social Exclusion implies when a person is denied to access the equal opportunities (Behrman et al., 2003) There is another broader term “Social Entrepreneurship” where entrepreneurs play change agents role by developing a goal to create and sustain social value (Peredo and McLean, 2006). It has been even suggested by Prahalad (2007) that there are many creative entrepreneurs from the BOP. In spite of this fact, some researchers have still been mulling over the fact that how entrepreneurship emerges within these communities (Hall et al., 2010; Webb et al., 2009). The importance of entrepreneurship may be peculiarly envisaged in under-developed regions.

The prime cause is the gravity of economic and social problems. There can be negative repercussions of Entrepreneurship as well (Baumol, 1990; Bowen and De Clercq, 2008; Smallbone and Welter, 2001), particularly in some industries like tourism (Agarwal and Brunt, 2006; Ap, 1992; Ryan, 1993; Stonich, 1998). Baumol (1990) assumes the possibility of productive entrepreneurship and destructive outcomes which lead to negative activities like criminal behaviour. According to Baumol and Schumpeter (1934) ‘entrepreneurs are innovative and creative. Kirzner’s (1973) alert entrepreneurs’ prove his divergent approach and justifies that alert entrepreneurs are productive, unproductive and are more apt in BOP settings due to unstable institutional settings and lack of access to proper education.

BOP – Bottom of the pyramid
The term BOP was first coined by C.K. Prahalad, Harvey C Frueharf, Professor of Business Administration, University of Michigan Business School, in his book, ‘The Fortune at the Bottom of the Pyramid: Eradicating Poverty through profits’. He explained the distribution of wealth and the spending capacity of the world population (Prahalad and Hart, 2002).
Major potential BOP markets in the world like China, India, Mexico, Russia, Brazil, South Africa, Thailand, Turkey and Indonesia with a combined population of about 300 crores represents 70% of the world’s BOP population. Prahalad viewed with a business orientation while Hart had a perspective of sustainable development.

UNDERSTANDING THE SOCIAL ROLE OF ENTREPRENEURSHIP

Some researchers view the value of entrepreneurship as sustaining and creating national wealth. The innovative entrepreneurs have pioneered some of the latest technologies providing employment and improve the social and economic conditions of nations ((Audretsch, Keilbach and Lehmann, 2006; Baumol, 1986, 2010; Birch, 1979; McMullen and Warnick, 2015). Social Entrepreneurship creates a impetus for growth for growth in emerging, developed and less developed countries. Some researchers share the perspective (Beaver and Jennings, 2005; Kets de Vries, 1985; Khan, Munir and Willmott, 2007; Steinmetz and Wright, 1989; Wright and Zahra, 2011), that the social role of entrepreneurship needs to be redefined and reconsidered. Entrepreneurship is considered as a development tool by the business sector and the government sector. There is a lack of understanding among people as to how to increase the entrepreneurial success because the lack of adequate facilities affects the small – scale entrepreneurs.

Entrepreneurship And Education

C.K. Prahalad, together with Stuart Hart, launched the BOP-idea in 1997 via the world wide web, in a working paper: ‘Strategies for the Bottom of the Pyramid’. They chose the web because the article was in their view, too radical to be published in a traditional journal. The basis of Prahalad’s (2006: xvi) idea is a question: “What if we mobilized the resources, scale and scope of large firms to co-create solutions to the problems at the bottom of the pyramid (BOP), those 4 billion people who live on less than $2 a day?” Prahalad had a business orientation to the problem, whereas Hart approached it in a perspective of sustainable development. Prahalad believes his idea to be a radically different view of the world’s poor and of business processes. Gradually BOP has become known in Europe and European companies are exploring the opportunities. Think about Phillips and the development of a woodstove in 2005. BOP in Europe could perhaps introduce the beginning of the end for Europe’s model of social market economy.

The theoretical origins of Europe’s market economy differ from America. Fairly recently, Milton Friedman could argue that the only goal for a business company is to make profits. To Adam Smith, the very early proponent of the invisible hand and the free market, strong, just and well functioning government, at all levels, was central to and necessary condition for a sustainable successful economy. Smith added that no society could develop properly economically, if any significant group of members of society was significantly less well off than others; that there should not exist unacceptable differences in incomes; that no society could be successful with a large group of poor people; that the best way to advance the economy is to pay workers decent wages. Remarkably enough, Anthony Giddens (2007) and Richard Sennett (2007) seem to think along very similar lines, specifically for the U.K. anno 2007, and the future.

Selling to the poorest of the poor would become a mere business case. But there are meaningful differences. Not much BOP-effect has been seen in Sub-Saharan Africa. In 1990 44.6% of the people were living on less than US$1 a day; in 2002 this was 44.0%. In 2006 Asia led the decline in global poverty. The Millennium Development Goals Report 2007. Surprisingly, or just not, most of the BOP-cases are located in India. It is highly unlikely that Jeffrey Sachs and his associates will reach the elusive goal of halving world poverty by 2015 with the methods they envisage. Some of us have heard promises of this kind just once too often over the last few dozens of years. With little or no structural results: great statements mainly for effect at the time they are made? The World Bank figure for poverty differs from the one Prahalad uses. In 2001 it was estimated that 1.1 billion people had consumption levels below US$1 a day and 2.7 billion people lived on less than US$2 a day (web.worldbank.org). The World Bank set its reference lines at US$1 and US$2 per day in 1993 Purchasing Power Parity terms. These two groups fit into two categories: extreme poverty and moderate poverty. Prahalad focuses on the best of the worse, but he overestimates both scale and viability of this intended market (Karnani, 2007). One may wonder about the relevance of the numbers for the impact of
BOP. Is BOP attractive because ‘four’ billion people means a lot or because a business guru has made a business case out of doing something for the poor? The first alternative will probably be the answer. Figures count, impress, overrule, grip, absorb, claim attention. All of a sudden eradicating poverty has become a business fad. It remains fascinating to observe how easy corporate executive officers jump on the bandwagon of, mainly Anglo-American, business fads.

Hindustan Lever Limited (HLL), Indian subsidiary of Unilever, is one of the earliest BOPexperiments (Prahalad, 2006). The company involved women in distributing their products to remote villages. Other cases are Casas Bahia, selling top-quality brands in Brazil; Coca-Cola offering carbonated soft drinks in smaller packs in India. According to its supporters, BOP is more than selling Western products to the poor in developing countries. BOP would create a portfolio of opportunities: new products, new services, new business models, new technologies and partnerships (Buyle, 2007). In Mexico, Proctor & Gamble (P&G) is offering a product to wash clothes with less water. Why only in Mexico, one may wonder. Together with Unicef and several other partners, P&G developed PUR, a water ‘purifying’ product, to provide safe drinking water. AneelKarnani (2007) remains sceptical of BOP, as it is putting far too much emphasis on the poor as consumers, instead of also being producers and users of the means of production - preferably leading, at least in part, to self-supporting systems. When consumption usurps ‘using’, reductionism of humans to mere clients, not even customers, is a danger just around the corner (Lefebvre, 1997: 159, 196-198).

Linking BOP and Enterprenuership

Where does entrepreneurship come from? Typical answers to that question might point to entrepreneurship programs in universities, design innovations or lucky coincidences. There are many conditions that can help to create entrepreneurship but a plain theoretical study program or a creative idea is not enough. Entrepreneurship appears when the opportunity meets and addresses someone with the right interest. Therefore, in order to bridge the gap between a great design, idea or theory and a marketable product, there is a need for inspiration and knowledge. This, in turn, is best created by hands-on experience and direct communication to the consumers in your future markets.

The study of entrepreneurship has advanced significantly, showing greater research breadth, depth and rigor. Yet, research has left some fundamental questions answered unsatisfactorily. For example, what is the best way to define the social role of entrepreneurship? For some, this is a question that has been fully addressed; they view the value of entrepreneurship as creating and sustaining financial wealth. They also consider entrepreneurship to be a key plank of economic recovery; the engine of technological, economic and social growth. Entrepreneurs have introduced new technologies that have spawned countless industries, creating jobs and improving the social and economic conditions of nations (Audretsch, Keilbach and Lehmann, 2006; Baumol, 1986, 2010; Birch, 1979; McMullen and Warnick, 2015). Entrepreneurship has also improved the quality of life (Baumol, Litan, and Schramm, 2007; McMullen and Warnick, 2015). It is the engine that moves and sustains capitalism, and is universally accepted as a means of creating momentum for growth in developed, emerging and less developed economies.

Other researchers from various perspectives (Beaver and Jennings, 2005; Kets de Vries, 1985; Khan, Munir and Willmott, 2007; Steinmetz and Wright, 1989; Wright and Zahra, 2011), public policy makers, well recognized world leaders (e.g., the President of the US and the Pope) and even some successful entrepreneurs (e.g., Bill Gates and Warren Buffet) have sounded the alarm that entrepreneurship’s potentially dysfunctional effects on society are not being carefully considered. Entrepreneurs may add to (and even create) problems that impair progress in their societies, often without assuming responsibility for addressing these issues. The consensus from these different perspectives is that we need to rethink and redefine the social value added of entrepreneurial activities to society.

Given these vastly divergent views, we hope to promote a conversation on the net value added of entrepreneurship by recognizing its significant social costs. Entrepreneurship is not always productive (Baumol, 1986). To begin this conversation, we propose that we need to strike an effective balance between gaining economic or financial “wealth” and enhancing the quality of life in a society (“social wealth”). Without the motive and opportunity to create financial wealth some may forgo entrepreneurial activities. Similarly, without attention to the needs of their communities and societies, entrepreneurs would fail to
contribute to the common good—harming themselves and their societies. Because entrepreneurship takes place in independent ventures and existing companies (Westhead and Wright, 2013), such challenges apply to the roles of corporate and independent entrepreneurs. Defining this social role poses great challenges (and offer significant opportunities) for independent entrepreneurs who have the opportunity, ability and power to define the type of value they want to create and steer their ventures accordingly. Independent entrepreneurs are more apt to articulate social needs and decide how to address them and to use their own skills and resources to address these needs. As such, these entrepreneurs are the sense makers who define and pursue opportunities to improve social wealth without a mandate from stakeholders. This promotes a focus on the community and society, potentially curbing greed that afflicts some entrepreneurs. Similarly, corporate entrepreneurs also have bountiful opportunities to shape and guide their firms’ different initiatives and contribute to the public good while making profits and sustaining growth. They can shape their companies’ thinking about the social role associated with their entrepreneurial activities.

Entrepreneurship and education are two such extraordinary opportunities that need to be leveraged and interconnected if we are to develop the human capital required for building the societies of the future. Entrepreneurship is the engine fuelling innovation, employment generation and economic growth. Only by creating an environment where entrepreneurship can prosper and where entrepreneurs can try new ideas and empower others can we ensure that many of the world’s issues private sector and be seen as the fundamental mechanism for attaining sustainable economic development and societal progress.

More than ever, the world needs effective global leaders and stronger educational systems that prepare the current and future generations of entrepreneurs, workers, teachers, managers and individuals with the skills needed to succeed and help others will not go unaddressed. Entrepreneurship Education as one of the key drivers of sustained social development and economic recovery. The full report consolidates existing knowledge and good practices in entrepreneurship education around three focus areas that cover the lifelong learning process of an individual: youth, higher education and social inclusion. It also outlines specific approaches that are needed for each one of these areas, as well as opportunities, challenges and practical recommendations for key stakeholders.

Given the various forms of entrepreneurship both across and within regions and countries around the world, this report looks at three specific types of entrepreneurship: youth (with a focus on disadvantaged youth), higher education (with a focus on growth/opportunity entrepreneurship) and social inclusion, outlining the differing types of education approaches needed for each. In each of these areas, the report identifies opportunities and challenges, highlights existing entrepreneurship education tools and good practices and develops recommendations for multi stakeholder support of the development and delivery of effective educational programmes for entrepreneurship. While the first two forms of entrepreneurship education are self-explanatory, the third is more complex. Entrepreneurship for social inclusion seeks growth by allowing more people – especially marginalized ones such as the very poor, women in many contexts, minorities, disabled and disadvantaged – to engage actively in productive economic activities. Entrepreneurship refers to an individual’s ability to turn ideas into action and is therefore a key competence for all, helping young people to be more creative and self-confident in whatever they undertake (EC, 2008).

Why Entrepreneurship Education Is Important to Strengthen Social Inclusion?

The most fundamental reason for thinking about entrepreneurship at the grass roots is to find sustainable solutions to overcoming the injustices of poverty. The social injustice of poverty is evidenced by malnutrition, low life expectancy, indifferent educational attainment, poor access to water, inadequate healthcare and exclusion from the benefits of economic and technological progress.

Main Drivers for Social Inclusion through Entrepreneurship Social inclusion is a matter of urgent need across much of the world. Poverty indicators, the distancing of the rich from the poor, access to income generating resources, water, the impact of climate change the need for better health, civil rights and provision of basic needs identified in the UN Millennium Goals all create a sense of imperative.
Since the major changes of the early 1990s – such as the fall of the Berlin Wall and the economic policy reforms in China and India – we now have, in effect, one world economic system. This has led to a doubling of the workforce, from 1.5 billion to 3 billion. The pressures on creating jobs, incomes and sustainability have also led to large-scale economic migrations and further pressures on political and social systems.

Social entrepreneurs have gone into business sectors and helped solve problems for people in their communities. They have taken the agenda beyond free trade to fair trade, created opportunities at the base of the pyramid resulting in more people with income, health, education and improved welfare. Entrepreneurship is seen as a potential solution to many of the barriers to social inclusion and the provision of education is seen as a method for empowering these improvements. But this is not a simple agenda and on past evidence the links between improved education and incomes are hard to find, particularly it they are provided in formal but isolated conditions.

Characteristics of Entrepreneurial Activity

Evolved solutions that provide opportunities for a new form of entrepreneurship education Largely lead by universities and business schools, Industrialization fostered business and management studies, curricula and tool kits, and trained people for analytical and strategy making skills for big business.

SME development has brought us a generation of role models, simple tools and training materials for start-ups and the management of smaller firms. It may also have left us with a legacy that entrepreneurship is about small business and therefore we have also to deal with this false distinction. But let us come back to this later. Largely led by government agencies, not-for-profit organizations, and banks and state agencies they use universities and business schools as providers.

Skills training in sales, communication, team formation, taking initiative, creativity, planning, project administration and so forth has given us a broad spectrum of approaches to use at grass roots levels. Such approaches are mostly led by not-for-profit organizations, trainers and consultants and are funded by regeneration budgets in inner cities, rural development, micro-finance institutions and the like.

Each of these three sources has contributed to building entrepreneurship education, but none of them is complete and we need to find a model that brings together aspirations, with intent, skills, knowledge and current thinking on entrepreneurship development.

Examples of Responses to Poverty Alleviation and Social Inclusion that Have Entrepreneurship Embedded within their Programmes.

At the extreme levels of poverty – there have been many solutions to creating opportunities for the very poor. Whether one sees them as forms of self-employment or cares to re-define entrepreneurship does not matter much. These are intellectual debates for academics. What matters is that the lives of people at this level are improved.

In terms of enterprise education, many of the solutions to poverty can be seen as informal routes to education as people “Learn by Doing.” The mainstream of solutions includes the provision of microfinance; innovation and creativity to help find new income streams; technical and design solutions, and access to market. Government-based interventions At national, regional and local levels, governments provide Entrepreneurship education for the supply side Social inclusion is not just about training the “poor.” It is also about training those on the supply side of policy, including educational institutions, civic organizations, business development agencies and NGOs.

Conclusion and Suggestions

In the end, we conclude that social inclusion is not just about training the “poor”. It is also about training those on the supply side of policy, including educational institutions, civic organizations, business development agencies and NGOs.

This target group needs to discuss the role of entrepreneurship education, entrepreneurial finance, fair play, regulations, managing civic administration, banking rules and so forth. They need to understand and feel the emotional content of entrepreneurs, the mindset of individuals who put their families and livelihoods at risk.
They also need role models of entrepreneurs as change agents in society, demystifying entrepreneurship for policy, civic administration and education. They need to feel and understand the overall cultural barriers to enterprise and work towards creating higher levels of aspiration.

Bibliography: