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Advancing Service Research Through a Base of the Pyramid (BoP) Perspective: A Cross-Disciplinary Approach

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Dedication

To my husband, Héctor, thank you for your unconditional support, for always inspiring me to chase my dreams and never give up.

To my daughter, Ana Cordelia, thank you for every moment of joy you give us. You are my primary motivation to continue to improve myself in every way.

To my parents, sisters, and friends, thank you for your unconditional support, patience, and every word of encouragement along the way. I am very grateful for all the help you have provided me and for always being there, no matter the hour or day.

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Advancing Service Research Through a Base of the Pyramid (BoP) Perspective: a Cross-Disciplinary Approach

By: Ana Lucía Valdés Loyola

Abstract

In the past 10 years, a movement has developed within service research to learn from and with the poor to obtain better service from each other, their communities, corporations, governments, and non-governmental organizations. Although service research aspires to include the service needs of all, there is still a fundamental lack of understanding of the largest and poorest segment of society, known as the base of the pyramid (BoP). Thus, this dissertation contributes to extend service research towards the BoP through a cross-disciplinary perspective that proposes new research streams, frameworks, and concepts that enrich the understanding of service in this complex context. The first article breaks new ground by connecting BoP research perspectives and Service Research Priorities to propose five new BoP Service Research Streams. These streams consider that people at the BoP are relevant service stakeholders with unique characteristics and needs. They suggest that this segment is a rich source of knowledge that can help advance service frameworks and concepts, while contributing to poverty alleviation. The second article is motivated by the fifth stream. It proposes a BoP Service Ecosystems Framework that has a broader social and institutional framing that helps maps the networks of actors and the institutional context that enable or constrain the service exchange. Thus, this article sheds light into the key role that actors' social embeddedness, private resources, and informal institutions play in BoP service ecosystems. Finally, the third article introduces a sociological perspective to the BoP service ecosystems framework and introduces the concept of social capital to the framework. This highlights the value of social networks and social ties which connect all ecosystem actors together and allow access to valuable resources that enable the service exchange at the BoP.

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1. Introduction

Reducing global poverty is one of the most pressing issues of our time. Although progress has been made in the last decades, 700 million people still live below the international poverty line, earning the equivalent of less than $1.90 USD per day (World Bank, 2021). Moreover, the year 2020 brought the worst setback in poverty alleviation in decades. Reversing 25 years of progress and threatening the future of a whole generation. This turning point was caused by the collective effect of three individual forces. First, the health and economic crisis that was brought by the COVID-19 pandemic, which killed millions of people and had a negative economic impact worldwide. Second, the effects of armed conflict in multiple parts of the world. Third, the impact of climate change and natural disasters. Consequently, without significant actions that enable inclusive economic growth, the goal of reducing poverty to less than three percent worldwide by 2030 seems to be beyond reach (World Bank, 2021). Thus, there is a growing sense of urgency which is evident in the increasing efforts that researchers, policy makers, and business leaders are making to end global poverty.

Poverty alleviation has inspired research from multiple theoretical perspectives throughout the years such as policy development, economics, and other social sciences. Thus, developing a large body of knowledge that is centered on improving people's social and economic conditions through philanthropy, aid, and policy. This suggests that poverty alleviation is the sole responsibility of governments, non-profits, and aid agencies. However, in the last 20 years an alternative perspective has been introduced and it has rapidly popularized across different fields of business research (e.g., strategy, marketing, economics, entrepreneurship). It is called the "Base of the Pyramid" (BoP) approach and it proposes that businesses can play a critical role in bringing prosperity to the poor. Not through philanthropy or corporate social responsibility, but by engaging with the BoP through business models that simultaneously generate economic, social, and environmental value to both. This approach proposes that bringing their business to the BoP can help break poverty cycles and improve their well-being (Prahalad & Hart, 2002).

The premises of the BoP approach have evolved over the last decade from encouraging multinational organizations to sell products passively to the poor, to a BoP 2.0 approach that emphasizes engaging in active co-creation with them. That is, to include members of the BoP communities as active business partners, rather than passive consumers, which helps create value for all. In this regard, Prahalad (2004, p. 2) stated that "the opportunities at the BoP cannot be unlocked unless large and small firms, governments, civil society organizations, development agencies, and the poor themselves work together with a shared agenda". A BoP 3.0 approach has also emerged, which calls for the development of innovation ecosystems and cross-sector partnerships with a triple bottom line perspective (Casado Cañeque & Hart, 2015). This iteration is focused on generating sustainable development and bottom-up BoP models that integrate different actors in multiple roles such as local firms, Non-Government Organizations (NGOs), and general members of the local community (Follman, 2012).

Although BoP research has rapidly popularized in multiple areas of business research (e.g., marketing, business strategy, entrepreneurship, and operations) service researchers have only recently began exploring this context and still there is a fundamental lack of service research that addresses this large segment of society (Reynoso, 2008; Fisk, et al., 2016). Furthermore, most service frameworks, models, and concepts have been developed in Anglo-Saxon countries, and they center on the service concerns of customers that live in these affluent societies. Yet, services influence and are influenced by the characteristics of the context. For example, at the BoP elements such as the local economic conditions, strength of formal and informal institutions, the availability of reliable infrastructure and resources, as well as the quantity and quality of actor networks all are external characteristics that can hinder value co-creation efforts and the service exchange in any given context (Valdés, et al., 2021). In this regard, Gebauer & Reynoso (2012) posits that it is critical to further explore service at the BoP, since theories and concepts that have been generated outside of this unique setting might not apply here in the same way. Thus, although service research has always aspired to include the service needs of all segments of society, there is still a fundamental lack of

understanding of how actors and service organizations can manage or overcome these difficult characteristics of the BoP, one of the largest segments of society.

The general aim of the dissertation is to reduce this knowledge gap and extend the scope of service research beyond its conventional focus on affluent segments of society. Thus, aiming to increase our understanding of the particularities of service in this context and contributing to the further development of service that tends to the needs of all segments of society. To do so, the three articles presented in this dissertation integrate cross-disciplinary approaches to develop new BoP service research streams, frameworks, and concepts for service in this context. The overall contribution of the dissertation is threefold. First, this dissertation aims to break new ground in service research and develop new research streams for further service at the BoP. Thus, helping communicate to the rest of the service research community that the BoP segment is an interesting context that is worth learning with and from. Because not only is service research at the BoP beneficial to those living in poverty, but it also has the potential of benefitting service research literature because it's a segment that can help pressure test our current assumptions and help us find boundary conditions for service frameworks, which can ultimately contribute to the field's further advancement (Bacharach, 1989).

Second, the dissertation contributes to service research by introducing a service ecosystems framework for the BoP context, which helps conceptualize the main challenges of engaging in service in this context, as well as the differences from service at non-BoP contexts. Furthermore, this dissertation challenges service research theories and frameworks into becoming more inclusive in its scope by including the people that live in poverty as relevant stakeholders that have unique characteristics and live in a different context, which ought to be further explored and understood. Thus, promoting further research that addresses the needs of this large segment of society with a local and bottoms-up focus.

Third, this dissertation proposes that social dynamics and social ties play key roles in service at the BoP because they can become the glue connecting all actors together,

facilitating coordination and motivating collaboration even when the actors are embedded in a context that naturally makes it harder. Thus, this dissertation argues that strong social ties can mitigate the insidious effects of socioeconomic disadvantage by enabling participation in service exchange and economic activity in general. Furthermore, this suggests that in contexts in which social networks strengthen and flourish, society can advance, and people can prosper social and economically. This has important managerial implications for service organizations at the BoP, for they suggest that for organizations to thrive in this context, they must engage with the local community openly, encouraging the development of strong social relationships with multiple actors from the local context.

The section below describes each of the three articles of this dissertation, detailing its motivation, research objective, aim, contribution, as well as the key findings. The first article is entitled “Breaking New Ground: base-of-pyramid service research” (Chapter 2). It aims to connect BoP research perspectives and Service Research Priorities, developing five new BoP Service Research Streams. These foster further BoP service research that acknowledges that the BoP segment is a rich source of knowledge that can help advance service frameworks and concepts, while contributing to poverty alleviation. The article is developed as follows. First, the article discusses the key contributions in BoP literature, identifying the main theoretical perspectives from which they have been developed. Second, it reviews the existing priorities in service research to identify potential intersections with BoP research perspectives. Third, the article introduces the following five new BoP Service Research Streams that reflect the integration of BoP research perspectives with service research priorities. First, *socially inclusive service innovation and sustainable development*, which clarifies how organizations can involve the BoP in service innovation processes. Second, *cocreation of service experiences in low-income markets*, which aims at understanding how to develop services that match needs with the local economic and infrastructure conditions. Third, *service design in social entrepreneurship*, applies the concepts and frameworks of service design research to enable social entrepreneurs. Fourth, *transformative services for poverty alleviation*, seeks to further understand the social and ecological impacts of service at the BoP. Fifth, *BoP networks in service ecosystems*, proposes the use of the service ecosystems framework

to further understand service in this context. Finally, the last section of the article discusses BoP service research in relation to transformative service research (TSR) which is another approach for which BoP can be relevant. Thus, specifying the relevant objectives, scopes, differences, and common grounds for future TSR opportunities at the BoP.

The second article of the dissertation was motivated by the fifth BoP service research, *BoP networks in service ecosystems.* This article is entitled "Advancing Service Research at the Base of the Pyramid: A Service Ecosystems Perspective" (Chapter 3). It proposes a Service Ecosystems Framework contextualized to the BoP, with a broader social and institutional framing that helps maps not only the actors that directly interact in the service exchange (e.g., customer and service provider) but also the network of actors that participate indirectly, co-creating value by integrating with each other complementary resources. As a result, the article highlights the three characteristics that differentiate BoP service ecosystems: the key role of actors' social embeddedness, the predominance of private resources, and the strength of informal institutions. The article is organized as follows. First, it reviews the origin and evolution of the BoP concept and the development of BoP service research. Second, it discusses the definition and key concepts of the service ecosystems framework, grounded in service research. The third section introduces the key concepts of the service ecosystems framework to the BoP setting. As a result, the article challenges the framework's current assumptions about the characteristics of actors, institutions, and resources in BoP service ecosystems. Finally, the article posits that the service ecosystems framework can provide a systemic and dynamic vision of the BoP service exchange as it builds on the notion that nothing happens in isolation, and reinforces the idea that service occurs within a network environment, something that sociologists and marketing scholars have been discussing for some time.

The third article of the dissertation is entitled "The Value of Social Capital in BoP Service Ecosystems" (Chapter 4). The motivation for this article derived from the findings of the previous article, which suggested to further explore social dynamics to understand how

and why actors connect in BoP service ecosystems. To do so, the article takes a sociological perspective and introduces bonding, bridging, and linking social capital as key concepts of BoP service ecosystems. Thus, shedding light into the value of the social ties, which connect all ecosystem actors together and allow access to scarce and necessary resources that enable the service exchange in this complex context. The article is organized as follows. First, it describes the BoP service ecosystems framework. Reviewing its origins, definition, and levels of analysis. Second, the article introduces social capital, discussing its definition, levels of analysis and three types (bonding, bridging, and linking social capital). Third, the article integrates the three types of social capital the BoP service framework and presents the following three propositions. First, bonding social capital connects actors to others that share a common identity, providing access to resources that help them survive or “get by”. Second, bridging social capital connects actors across social divides, providing access to different resources that help them “get ahead”. Third, linking social capital connects actors across explicit, formal, or institutionalized power or authority gradients in society, enabling access to resources that allow them to “get things done”. As a result, the article concludes that social capital is the glue that connects actors together in BoP service ecosystems. It enables joint activities, trust, and cooperation regardless of the difficult conditions of the context. Thus, these social ties help mitigate the insidious effects of socioeconomic disadvantage, suggesting that where social networks flourish, actors can prosper social and economically.

The rest of the dissertation is organized as follows. First, the section below presents a summary of the three articles that comprise the dissertation. Then, Chapters 2 through 4 present the three articles in their entirety. Finally, Chapter 5 presents the key findings and overall conclusions of the dissertation.

2. Breaking New Ground: base-of-pyramid service research

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2.1 Abstract

Two-thirds of the world's population lives in poverty, a global problem that researchers from a wide variety of disciplines study. Yet there is a fundamental lack of service research pertaining to this huge segment of society, commonly known as the base of the pyramid. This segment offers a rich source of information that could help break new ground in service research, by exploring services in contexts in which its current concepts, models, theories, and generalizations might not apply the same way. This article starts by exploring key contributions in base of the pyramid literature and identifying the main perspectives from which extant knowledge has developed. By revising existing service research priorities to identify useful intersections with base of the pyramid perspectives, this study offers new grounds deriving five research streams that reflect the integration of base of the pyramid research perspectives with service research priorities. Finally, this article details the emerging area of base of the pyramid service research using one of those research priorities, namely, transformative service research, in an effort to specify the relevant objectives, scopes, differences, and similarities and thereby identify common grounds for future service research at the base of the pyramid.

Keywords: base-of-pyramid; service research; research streams; new ground

2.2 Introduction.

The mass market formed by millions of low-income citizens living in poverty, commonly called the base of the pyramid (BoP), not only passively consumes services but also features many active, innovative entrepreneurs, creating and providing service solutions to different segments of society. This reality requires us to expand our research horizons and develop alternative frameworks that provide bases for new theories, as well as establish new paradigms in service research. Emerging regions in Latin America, Asia, the Middle East, and Africa represent great opportunities to expand what is known about the management of services and beyond. These regions represent the opportunity of understanding different possibilities, manifestations, and impacts of service in varied contexts and environments (Reynoso, 2008). In particular, such understanding of services at the BoP becomes particularly relevant when service research takes a transformative perspective, as discussed below. We seek to make use of those opportunities to break new ground in this article. First, we explore the multidisciplinary content of BoP literature, identify its key contributions, and group them into six base of the pyramid perspectives that provide a representative summary of prior studies of this huge segment of society. Second, we examine each of the service research priorities proposed by Ostrom et al. (2010), which point to present concerns and future directions for service researchers and practitioners, then seek any relevant intersections with the six BoP perspectives. Third, by identifying the intersections and considering recent work on the emerging service research agenda at the BoP, we present five base of the pyramid service research streams that constitute potentially useful theoretical avenues in which researchers should conduct service research in contexts discussed in current BoP literature:

(1) Co-creation of service experiences in low-income markets

(2) Base of the pyramid networks in service ecosystems

(3) Socially inclusive service innovation and sustainable development

(4) Service design in social entrepreneurship

(5) Transformative service research for poverty alleviation

Fourth, because the emerging BoP service research areas illustrated by the five streams strongly emphasize the social context, we identified one priority for which social orientation is a powerful basis and deepen this discussion to be able to identify common grounds, on the one hand, for future service research at the BoP, and on the other, for Transformative Service Research (TSR) opportunities in BoP contexts. That is, conducting service research to improve the well-being of poor people is a key element of TSR (Ostrom et al., 2010; Ostrom, Parasuraman, Bowen, Patrício, & Voss, 2015). As a contrasting approach, we include transformative services as one of the priorities that might usefully connect service research with existing inquires at the BoP. Thus, we explore transformative services to better understand the origin, objectives, scope, and current themes, then identify differences and similarities between BoP service research streams and TSR contents, to define research directions that can expand knowledge within the service community and, eventually, across other academic communities for which the BoP context is pertinent.

2.3 Base of the pyramid research perspectives

The long tradition of research into poverty has produced a significant body of knowledge, built over time in multiple disciplines, including sociology (e.g. Ansari, Munir, & Gregg, 2012; Kistruck, Beamish, Qureshi, & Sutter, 2013), policy development (e.g. Gubrium, Pellissery, & Lødemel, 2013; Kanbur & Sumner, 2012), and development economics (e.g. Banerjee, Banerjee, & Duflo, 2011; Chandy & Gertz, 2011), among others. A huge segment of society, formed by 4 billion people, earns an average personal income of US$9 per day (Arnold & Valentin, 2013) and is commonly known as the BoP.

Recent research reviews analyze the evolution and application of the concept. In proposing their framework, Kolk, Rivera-Santos, and Rufin (2014) emphasize the BoP definition, initiators of BoP initiatives, characteristics of BoP business models, and outcomes of BoP initiatives. They also make important references to the existence of

additional, major research streams that approach poverty from different perspectives, such as social entrepreneurship, subsistence marketplaces, development economics, microfinance, and inclusive business. Follman (2012) shows that BoP research has moved from a multinational profit approach, selling to the poor, to a collaborative network of local firms and nongovernmental organizations engaging the poor in the co-creation and co-production of goods and services. This integrative approach appears necessary to understand the differences among low-income segments, involve BoP communities as active co-producers rather than as passive consumers, and create shared value for all actors in a BoP ecosystem.

Gebauer and Reynoso (2013) also identify three key topics for discussion: BoP innovation, international strategies in emerging markets, and corporate social responsibility and poverty alleviation. In so doing, they propose a service research agenda for the BoP, discussing different theoretical perspectives, methodological approaches, and empirical fields. Gupta and Khilji (2013) concur that we need to move from the notion of finding a fortune at the BoP to creating a fortune with the BoP; they also broaden the concept by including sharing and enabling functions with the BoP. Their integrated framework thus reflects context-specific issues for BoP strategies.

To understand this extensive body of knowledge, we adopt a qualitative, heuristic approach to analyze BoP literature. This approach reveals six perspectives, each representing a different stance that research at the BoP has taken.

First, research related to poverty alleviation includes alternatives to traditional philanthropy, such as corporate social responsibility, BoP business strategies, and social businesses. In evolving from a traditional approach, in which poverty alleviation was the domain of governments, aid agencies, non-profits, and nongovernmental organizations, this research stream has begun to focus on the poor's needs as available market opportunities (London, Anupindi, & Sheth, 2010; Prahalad & Hart, 2002). Thus, private companies can be agents of change that help alleviate poverty. Some authors also note two generations of corporate BoP strategies (Simanis, Hart, & Duke, 2008): In the first,

multinational enterprises, as foreign entities, sought ways to sell their products to the poor, but in the second (BoP 2.0), taking advantage of learning gained by experience, strategies rely more on coinvention and business co-creation with the poor. Thus, companies enter into innovative business partnerships with BoP communities that help them become more locally embedded, following the central principles of mutual value and co-creation (Simanis et al., 2008).

Second, consumption in low-income markets is a useful way to understand different segments at the BoP and their buying behavior. This discourse has changed, from being primarily about providing aid to improve people's social and economic conditions (De Janvry, 1981; Easterly, 2006), to considering the poor as active members of the consumer market, with their own legitimate spending needs, demands, desires, and constraints (Hart, 2005; Prahalad & Hammond, 2002). To succeed at the BoP, businesses must follow three principles of consumer marketing: have a deep understanding of consumers' psychology, be socially embedded, and provide entrepreneurial empowerment (Sridharan & Viswanathan, 2008).

Third, innovation, both for and from the BoP, is a key driver of poverty alleviation but traditionally has been viewed from a market creation perspective, that is, as a tool that helps multinational enterprises enter the BoP market through novel products and business models (Hart & Christensen, 2002; Prahalad, 2011). Yet some studies capture the growing view of the BoP not just as a passive market but also as a co-creator of innovation and a partner (JPIM, 2015; Nakata & Weidner, 2011). Embedded innovation helps regions emerge, establishing their competitive advantage through the creation of a business model that is familiar or intimate with the community, with three core attributes: community-centric value proposition, long-term partner orientation toward stakeholders, and creation-based approaches to opportunity (Simanis & Hart, 2009).

Fourth, entrepreneurship is central to the economic development of the BoP, because most goods and services must be obtained through informal markets (Acs, 2006; Acs, Desai, & Hessels, 2008). Entrepreneurship can help achieve socially inclusive growth, as

well as create new and needed jobs (Christensen, Parsons, & Fairbourne, 2010; Toledo-López, Díaz-Pichardo, Jiménez-Castañeda, & Sánchez-Medina, 2012).

Fifth, contributions focused on base of the pyramid networks aim to increase collective understanding of how BoP networks work and the implications for different organizations that seek to tap into this market. In BoP markets, social embeddedness and network building with non-traditional, local partners are crucial (London & Hart, 2004). Such interactions may occur during product evaluation, when making purchases, or in general while operating BoP-related businesses (Viswanathan, 2007). They infl uence the network' s purchase and business decisions and have important impacts on their skills as consumers and entrepreneurs (Viswanathan, Sridharan, & Ritchie, 2010).

Sixth, sustainable development entails the impact that products, services, and business operations have on the BoP. Meeting their needs without compromising future generations becomes increasingly relevant for businesses engaged in BoP activities with the goal of benefi tting the poor, in that such activities paradoxically harm the poor by degrading the natural environment on which they depend (Arnold & Williams, 2012). In this context, design is a key enabler of innovations that best suit the needs and aspirations of lowincome consumers. For example, innovations might help avoid the repetition of environmental mistakes when catering to consumers (Dos Santos, Krämer, & Vezzoli, 2009).

In summary, the BoP body of knowledge is extensive, transversal, and multidisciplinary. We identify poverty alleviation, consumption in low-income markets, innovation, entrepreneurship, and sustainable development as the main perspectives that authors have used to develop knowledge at the BoP. Each perspective complements the others, and combined they contribute to explicate poverty and the comprehensive reality at the BoP.

2.4 Service research priorities

We next consider the service research priorities originally proposed by Ostrom et al. (2010), with the intention of comparing them with our six identified research perspectives to identify useful research intersections. Following a thorough, rigorous methodological approach, Ostrom and colleagues provide an insightful, descriptive analysis of relevant research topics for the global service research community. The priorities were developed with input from more than 300 academics and business executives representing various types of organizations from different countries. In an 18-month research process, involving in-depth interviews and online surveys, these authors identified 10 predominant research priorities and specific topic areas for each, then categorized the priorities into three general areas: strategy, development, and execution.

First, the strategy category comprises three elements. Fostering service infusion and growth centers on increasing and enhancing the ability to offer services, such as through business models based on service; shifting organizations from goods-based to service based forms; integrating and aligning goods, services, and solutions strategies; and managing and developing a service goods portfolio. Improving well-being through transformative service concentrates more on the relationship between well-being and service, such as improving consumer and societal welfare through service; enhancing access to, quality of, and productivity in health care and education; and delivering service in a sustainable manner. This particular priority is highly relevant in the BoP context, because well-being clearly relates to poverty alleviation, as we discuss subsequently. The social and economic transformations of individuals, families, groups, communities, and regions also represent options for conducting service research at the BoP. The last strategy-related priority is creating and maintaining a service culture, to develop a service mindset in product-focused organizations, create a learning service organization by linking employee and customer knowledge; focusing on service as the organization grows, matures, and changes; and spread the service organization’ s culture across different countries.

Second, the service development category includes stimulating service innovation through complex, adaptive connections among people, technology, processes, and information, according to a well-thought-out service concept. Service innovation requires new concepts, approaches, and techniques that consider interdependencies among customers and service organizations. In the BoP, the unique characteristics of customers and their ecosystem often make it more challenging for organizations to develop comprehensive, mutually beneficial services. Actors thus must innovate to survive, a reality that is highly compatible with this research priority. Then by enhancing service design, it becomes possible to support innovation by bringing creative service ideas to life. Studying service design at the BoP can benefit all service systems: informal activities, for-profit firms, non-profit organizations, social businesses, and government entities, to name a few. It entails organizing clues, places, processes, and interactions to create complete service experiences for all stakeholders (e.g. customers, clients, employees, business partners, citizens). Service design also offers a useful way to explore, understand, and learn about natural entrepreneurs and their innovative solutions in low-income segments. Finally, optimizing service networks and value chains is another priority in the development category. It focuses on collaboration among firms, through value chains and service networks that configure and connect resources in a series of external and internal interactions to meet both consumers' and organizations' needs. These networks and value chains possess intrinsic characteristics, because the BoP ecosystem contains limited, dispersed resources and infrastructure. Exploring the complexity of this environment is essential to understanding service management at the BoP.

Third, service execution comprises three priorities, the first of which is effectively branding and selling services. Services, as branded experiences, involve interactions with people, physical evidence, and processes. A BoP perspective on consumption in low-income markets explicitly delineates the benefits of regarding the poor as sophisticated consumers, guided in their consumption choices by not just basic survival but also higher order needs. Enhancing the service experience through co-creation is a second execution priority. It conceptualizes co-creation as a collaboration to create value, through shared

inventiveness, design, and so forth. A service experience encompasses all aspects of the production, delivery, and creation of value; it would be compelling to study customer experiences in complex, diverse BoP contexts, to discover how customers co-create and capture value with various organizations and non-traditional models that function well in this resource-scarce but relationship-rich ecosystem. By studying service experiences in the BoP, we might help create accessible solutions that match local needs and conditions. Finally, the execution category involves measuring and optimizing the value of service, or the need to learn how companies measure service value and its relevant drivers. Service value measurement and optimization can help transform a service provider's strategy and service design into a value-based service execution.

As shown above, different service research priorities have more natural affinity with BoP perspectives than others. For example, the strategy priority related to improving well-being through transformative service has a clear, relevant connection to poverty alleviation. The service development priorities, such as stimulating service innovation, enhancing service design, and optimizing networks and value chains, also indicate relevant opportunities to create links with BoP research perspectives from different angles. The execution-related priority of service experience through co-creation offers another valuable connection between the bodies of knowledge. Moreover, topics such as culture, value, and technology provide fertile grounds for exploring bonds at the BoP. Because services have always driven society, it is important to introduce service research contributions to relevant contexts, such as the BoP, and thereby advance service research (Ostrom et al., 2010, 2015). We use the most natural research intersections between BoP perspectives and service priorities to identify and describe BoP service research streams that can help service research break new ground in the BoP context.

2.5 Base of the pyramid service research streams

The need to develop theories and frameworks to increase understanding of services in different contexts and environments, such as the BoP, is well established, such as in calls for an integrative, cross-disciplinary, global research agenda for service research (Ivanovic & Fuxman, 2012). In the past two decades, strong arguments cite the need to explore, study, and learn from service activities in emerging countries to expand service knowledge (Gummerus et al., 2013; Reynoso, 1999, 2011). However, only recently have initial empirical efforts started to expand the scope of service research. Gebauer and Reynoso (2013) note the relevant intersections between the main themes in BoP literature and service management research topics, leading them to propose an agenda that consists of theoretical perspectives, empirical fields, and research approaches that should be considered at the BoP. We seek to advance this agenda by proposing specific research streams at key intersections of the two bodies of knowledge.

As we noted previously, many service research priorities match readily with the research perspectives identified in BoP literature, and some progress has been made in confirming the possible intersections. For example, in developing their agenda for service research at the BoP, Gebauer and Reynoso (2013) introduce some theoretical perspectives that are useful for identifying relevant combinations. They discuss the importance of technology as a driver of new business models at the BoP and identify inclusiveness as a key component for business models that prompt innovation. Furthermore, they note the orientation of innovations toward corporate social responsibility. Accordingly, we argue that research can contribute to the design and development of processes for transforming BoP customers' needs into new services and help organizations meet their present goals without compromising the resources of future generations. This combination also can clarify how organizations might best involve the BoP in service innovation processes (Nakata & Viswanathan, 2012; Reynoso, Kandampully, Fan, & Paulose, 2015). Therefore, we propose a first BoP service research stream: socially inclusive service innovation and sustainable development.

The service-dominant logic (SDL) includes socially constructed institutions as means to understand international management strategies in BoP markets. Value co-creation and resource integration are relevant sources for service research at the BoP. In particular, limited resources characterize the BoP context, and actors place a special emphasis on relationships. Therefore, studying the co-creation of service experiences with the SDL could produce accessible solutions that match local needs and infrastructural and economic conditions (Dahan, Doh, Oetzel, & Yaziji, 2010; Flint, Blocker, & Boutin, 2011; London & Hart, 2010; Sebhatu, 2010). Thus, we suggest that BoP service research should consider the co-creation of service experiences in low-income markets.

The BoP is a resource-poor but network-rich environment. Social ties among people facilitate information and resource sharing, helping develop their entrepreneurial skills and enabling service in such a complex ecosystem. Resources and actors are considered to share multiple roles developing a dynamic and evolving relationship amongst them. In this vein, the effective use of an ecosystem perspective has been suggested as an alternative view of service research at the BoP (Ben Letaifa & Reynoso, 2015). Authors connect the service logic with an ecosystem perspective, developing theoretical propositions for implementing sustainable service ecosystems at the BoP. We find it is essential to further explore these so-called BoP networks to better understand the complexity of this environment and how these networks help lessen the effect of the negative aspects of the environment enabling service co-creation. Hence, we propose a research stream centered on base of the pyramid networks in service ecosystems.

Authors have considered entrepreneurship particularly important for new service research opportunities in low-income segments. On the one hand, products and services for BoP markets usually are designed impromptu, based on assumptions, and adjusted from offerings available in other contexts. On the other hand, innovative local entrepreneurs engage in creating and designing service solutions to survive in their daily lives. Some recent developments explored in the service literature are useful to contribute to this objective. Product service systems are customer-oriented bundles made of physical products and services, which offer highly adaptable options for emerging

markets, and provide a good structure for designing solutions at the BoP (Jagtap & Larsson, 2013). We accordingly recommend research into service design in social entrepreneurship.

Finally, the BoP research perspective related to poverty alleviation and the research priority involving transformative services constitute a natural intersection, with the appropriate combination of the need to reduce poverty at the BoP on the one hand and the aim to improve social well-being through transformative services on the other. Indeed, given this intertwined nature of poverty and well-being, TSR gives an intuitive and particularly relevant perspective to service research at the BoP. However, it is important to realize such an approach is not the only one neither the most relevant; it results from the elemental co-existence between these two service research streams.

Research into transformative services that address well-being at the BoP can contribute to our understanding of the social and ecological consequences of service offerings for the BoP (Anderson et al., 2013). As our final stream for BoP service research, we offer transformative services for poverty alleviation.

In Figure 1 we depict the convergence of BoP research perspectives with service research priorities, which generated the streams of proposed research that we have offered, as a means to develop service research at the BoP.

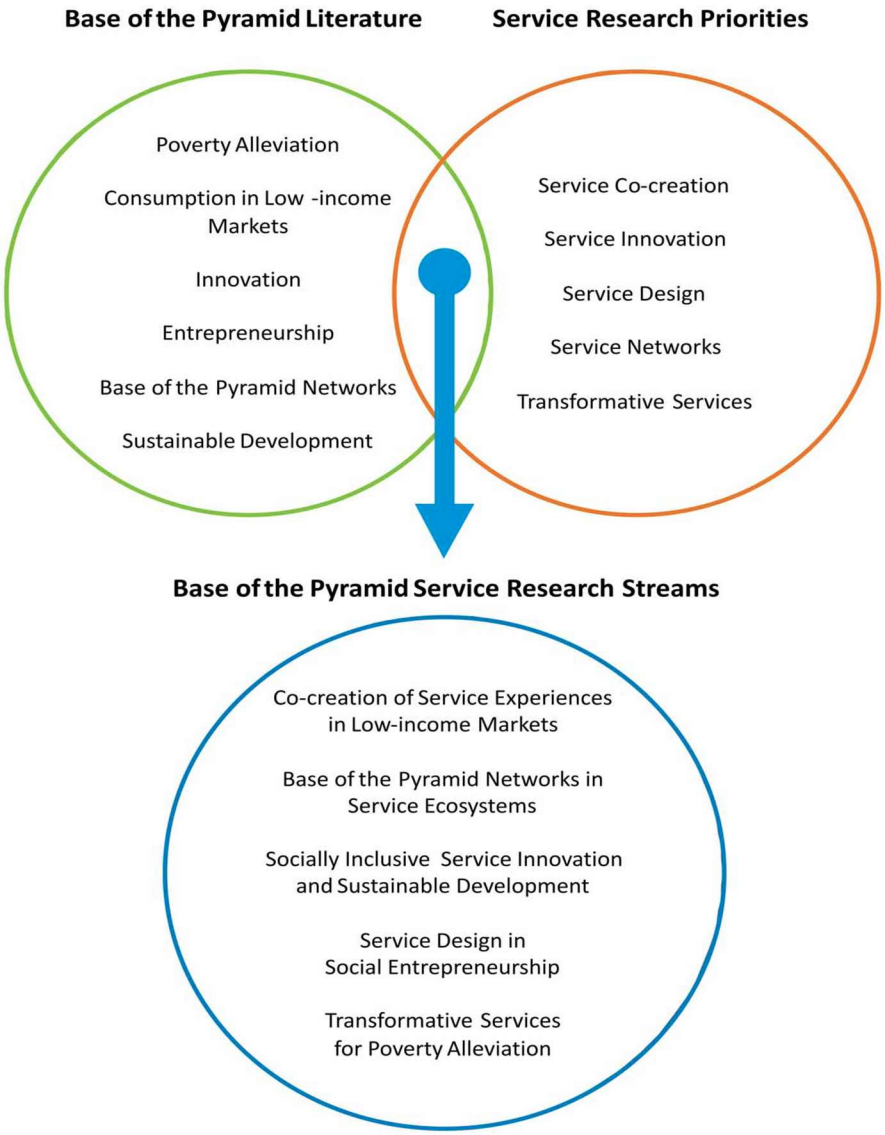
2.6 Base of the pyramid service research and Transformative Service Research

The social context of the emerging area of BoP service research illustrated by the five streams suggests the appropriateness of deepening this discussion by exploring similarities and differences between this emerging area and TSR, such that we might identify common grounds for future service research at the BoP from a social perspective. According to some researchers, service research to improve the well-being of poor people

represents one of the key elements of TSR (e.g. Ostrom et al., 2010, 2015). We instead regard transformative service as a priority, useful for connecting service research with existing inquires at the BoP, particularly in relation to poverty alleviation. Thus, we explore TSR to understand its origin, objectives, scope, and current themes, then make comparisons with our BoP service research streams that reveal research directions for expanding knowledge in service communities and beyond.

A research initiative in the consumer research arena, known as transformative consumer research, proposes that researchers must look beyond the mere benefits of having their own work cited by others (Mick, Pettigrew, Pechmann, & Ozanne, 2012). Instead, the results of consumer research should reach those who need the insights to be able to improve their well-being. Ozanne et al. (2011) emphasize the need for a transdisciplinary approach to address such well-being, because there are more stakeholders in the world than those that appear in traditional consumer research.

Figure 2.1. BoP service research streams.



In turn, Rosenbaum et al. (2011) conceptualize TSR as a means for service scholars to conduct research that promotes human well-being. As a research paradigm, TSR is 'service research that centers on creating uplifting changes and improvements in the well-being of individuals (consumers and employees), families, social networks, communities, cities, nations, collectives, and ecosystems' (Anderson et al., 2013, p. 1204). Its focus is on the roles that services and customers have in ensuring consumer well-being, rather

than on benefits for the service organization (Rosenbaum et al., 2011). Some services are transformative by design, such as healthcare and education; others are potentially transformative.

Because transformative services create and promote social relationships and networks, which in turn enhance and transform people's lives, there is a need to go beyond financial or economic benefits to explore how services can create well-being among people, groups, and communities. We acknowledge the importance and impact of TSR for not only the wellbeing of people but also broader units of analysis, such as communal benefits obtained from financial, entertainment, retailing, transport, and other services. In this sense, integrating micro with macro perspectives in TSR is a relevant goal.

Anderson et al. (2013) suggest a TSR agenda at the intersection of transformative consumer research and service research, such that they identify key issues and avenues for research, both specific to certain sectors and in general. The resulting framework includes TSR entities and the outcomes of their interactions at different levels of analysis. In building their arguments, these authors consider financial, healthcare, and social services and thus identify four main issues: (1) the need to understand disparate levels of well-being; (2) the need to conduct research at a group level of analysis; (3) the impact of co-creation on employee well-being, including any unintended consequences resulting from the use of technology; and (4) the importance of considering the ecosystem level, as represented by a few recent contributions involving service sustainability.

Ostrom, Mathras, and Anderson (2014) also discuss TSR as an emerging subfield, focused on service and well-being. They identified 100 TSR articles from 1993 to 2012, published in three top marketing journals (Journal of Marketing, Journal of Consumer Research, and Journal of Marketing Research) and two top service journals (Journal of Service Research and Journal of Services Marketing). They included any articles for which the titles and abstracts indicated 'Service research that aimed to enhance understanding of some aspect of well-being' or 'well-being implications within a service setting'. From this review, they identified eight TSR themes, classified into three groups.

First, the well-being of employees and customers is affected by their interactions during the service experience. In particular, co-creation and well-being stem from interactions between customers and employees during service creation and their context. Customers' behaviors affect the well-being of frontline service employees, including their burn-out and emotional exhaustion, and service characteristics in turn influence the experiences of vulnerable consumers and their well-being. Finally, customer-to-customer and customer-to-employee relationships can provide social support that also influences the well-being of both groups. Second, service access and literacy exerts effects on vulnerability and well-being. This group features both studies of the antecedents and consequences of a lack of access to or appropriate uses of services, as well as investigations of how consumer literacy affects consumers in service settings and the implications for their well-being. Third, two topic streams deal with the effect of service design on well-being. On the one hand, the elements of service designs influence well-being; for example, at the micro level, the availability and diversity of service options can determine consumer wellbeing. On the other hand, at the macro level, the question of how the design of a service system affects well-being is of interest.

Table 2.1. BoP service research and TSR: exploring intersections for further research.

	BoP Service Research Streams			
TSR Streams	**Co-creation of Service Experiences in Low-Income Markets**	**Service Design in Social Entrepreneurship**	**Socially Inclusive Service Innovation and Sustainable Development**	**BoP Networks in Service Ecosystems**
Service interactions affect well-being *The well-being of employees and customers are affected by their interactions while co-creating a service experience, strengthening service-based friendships and social support.*	BoP service interactions during the co-creation of service experiences are complex, involving employees and customers (both of whom may be vulnerable), in different roles, at different levels of analysis, who often are family members, friends, or neighbors living at subsistence income levels, who can provide both social support and competition.		People interact with other actors at the BoP to find ways to survive in their daily lives; they are natural entrepreneurs, active customers included in the co-creation of solution-based, sustainable services. Socially inclusive service innovations are essential for improving well-being among this huge segment of society.	BoP interactions during the co-creation of service experiences go beyond social support, to include extended networks of individuals, families, groups, and communities that operate and coexist in complex service ecosystems.
Service access and literacy affect vulnerability and well-being *Access and literacy have effects on consumer vulnerability and well-being*	BoP service experiences in low-income markets involve characteristics other than literacy or access, such as culture, values, and behaviors. They also include non-economic vulnerabilities and people outside the BoP.	BoP service design can contribute to foster social entrepreneurship, which is key for service access and the adequate use of service solutions for poverty alleviation.	Socially inclusive service innovations are essential for providing access to services and improving service literacy.	
Service design affects well-being *Service design at micro and macro levels (service systems) has an impact on well-being*		BoP service innovations, designed to create daily life solutions, supported by social entrepreneurship initiatives, impact well-being at a micro level.		BoP service dynamics involved in extended networks of individuals, families, groups, and communities operate and coexist in complex service ecosystems and impact well-being at a macro level.

Notes: These intersections between BoP service research and TSR are illustrative, not exhaustive. Further exploration is required to identify other possible intersections for further research.

BoP service research and TSR together might contribute to the already significant research momentum, by exploring and understanding key intersections that emerge from both sets of possible research streams. The core argument underlying the remains of this article is the need to emphasize the duality of these two service research fields: On the one hand, the importance to understand their intrinsic co-existence due to the intertwined nature of poverty and well-being; and on the other hand, the need to explore and clarify their distinctive motivations, approaches, and orientations in order to find mutual learning opportunities. Some initial reflections may help clarify this duality (see Table 2.1) and thereby shed light on promising research opportunities.

Service research to improve well-being and base of the pyramid to expand service research. The focus of BoP service research seems broader and more transversal; the research streams we present pertain to how this huge segment of society can help researchers increase their knowledge about fundamental social issues such as inclusive innovation, social entrepreneurship, BoP networks, low-income markets, poverty alleviation, and sustainable development.

In contrast, TSR focuses on how specific service topics, such as design, access, literacy, contact employees, and experiences influence well-being. The two initiatives appear to take two different standpoints, as discussed below. The three main groups related to TSR seem mainly focused on the social side of the question, aiming to improve well-being. Borrowing from a consumer research tradition, they seek to identify and explore existing service research that details the quality of life of both customers and employees across different services and socio-economic segments.

The BoP service research streams instead focus on understanding the social contexts that enable a deeper exploration of current service knowledge and research – that is, what can be learned from this huge segment of society in relation to service research. Do existing service concepts, models, and theories of service design,

service co-creation, service innovation, service ecosystems, and well-being remain consistent or change when we integrate the huge, low-income segment of society?

The BoP service research streams are not dedicated to improving well-being per se. Rather, they seek to know, learn, and compare what is happening at the BoP in relation to services, as well as how service research can be expanded by leveraging the existing, significant body of knowledge created in various other academic disciplines in the past 10 years. Whereas TSR is a vehicle to drive well-being, in BoP service research, existing knowledge provides a means to expand service research in new contexts. The more we know about the processes, infrastructures, and contexts of services happening at the BoP, the more we can make positive impacts on the well-being of this huge segment of society. In TSR, well-being is the driving cause, whereas in BoP service research, it represents the resulting effect.

Base of the pyramid service research with a transformative approach and transformative service research in base of the pyramid contexts. While TSR specifically has focused so far on service research for improving well-being, the BoP context has been identified mainly as a rich source for expanding service research. Whereas one of the main objectives of this article is to clarify the distinctive motivations, approaches, and orientations of these two fields, it is also important to realize they present opportunities for cross-fertilization. BoP service research can be conducted with a transformative approach, and TSR can be focused on BoP contexts. In this vein, we identify some representative intersections between BoP service research and TSR (see Table 2.1), which could be useful for drafting future research agendas that connect both areas.

First, we might associate the impact of service interactions on well-being with the cocreation of service experiences in low-income markets. TSR examines vulnerability of employees and customers in their interactions across services and socio-economic segments. In this vein, BoP service interactions provide a rich research setting. They are complex, involving employees and customers, where both

can be vulnerable particularly because in many cases providers are at the same time entrepreneurs, support, and frontline employees, taking different roles at various levels of analysis. Also, in many cases, family members, friends, and neighbors living in subsistence or at low-income levels can provide both social support as well as competition. With their limited resources, BoP contexts tend to feature a special emphasis on relationships. Studying the co-creation of service experiences would help develop accessible solutions that match local needs and infrastructural and economic conditions, which in turn should improve well-being. For example, the cocreating role of different types of organizations participating in low-income markets is worth studying, in particular the impact of multinational enterprises, social businesses, or non-profit organizations on well-being is a relevant area of research. Also, the study of complex interactions taking place in BoP networks nested in service ecosystems and their impact on well-being of participating actors provide a rich source of new ideas.

Second, research scenarios might emerge from exploring the relationship between the impact of service access and literacy on well-being and service design in social entrepreneurship at the BoP. TSR currently focuses on factors or consequences of a lack of access to service and its impact on consumer vulnerability, whereas BoP service research centers on studying service design that fosters social entrepreneurship. Studying service design for social entrepreneurship at the BoP with a service access and literacy perspective in mind could help increase the knowledge of how social businesses can be created in a way so as to procure adequate use and access of services that improve well-being. In this relation, the flexible adaptation of product-service bundles to emerging markets can provide a good foundation for designing solutions at the BoP that foster service access and ensure their adequate use, which in turn should facilitate poverty alleviation. Also, service research could help identify key characteristics in social enterprises that enable easier access for people at the BoP and that help overcome consumer illiteracy. This could in turn help design new social endeavors that provide access to critical services such as health, sanitation, or education. Case study research on

socially inclusive service innovations (Reynoso et al., 2015) provides another good example of improving service access and literacy at the BoP.

Third, research opportunities could arise if we bridge the impact of service design on well-being with BoP networks in service ecosystems. At the macro level, TSR considers the impact of service system design on well-being, whereas BoP service research aims to understand the dynamics involved in extended networks of individuals, families, groups, or communities that operate and coexist in complex service ecosystems. The BoP is rich with networks; social ties among people facilitate information sharing and entrepreneurial skill development. More research on the nature of this complex environment is essential to understand the impact of service designs on well-being. For instance, service research at the BoP would help the design of new offerings to support community development at different levels of analysis. Another example is studying the design of services involved in BoP networks that produce long-term positive social, economic, and ecological impacts on service ecosystems.

These are just a few examples among the many possibilities for conducting service research at the BoP with a transformative approach or for conducting TSR in BoP contexts. From this initial exercise we argue that not all TSR is aimed at the BoP, and not all BoP service research has taken a TSR perspective. However, this article has identified some key intersections between these two approaches for future research. There are similarities but also differences that need to be identified, explored, and understood, if our goal is to expand service knowledge as it relates to this huge, low-income segment and also improve the well-being of society.

2.7 Conclusion

Services have an effect on, and are affected by, the BoP ecosystem. These effects may be positive or negative with regard to well-being. This article aims to break new ground by introducing the field of BoP service research. Overall, we can assert that increasing knowledge about service research at the BoP could have notable impacts on issues related to entrepreneurship, poverty alleviation, and sustainable development – and thus on wellbeing. We also argue that further service research related to innovation, BoP networks, and consumption in low-income markets would help clarify services at the BoP, which also should enhance well-being. The representative intersections between BoP and wellbeing that we have identified already indicate that, on the one hand, TSR at the BoP can explore the effect of certain elements of the BoP service ecosystem on well-being and, on the other hand, BoP service research can study the effect of services on well-being, in the forms of entrepreneurship, innovation, poverty alleviation, and sustainability. As mentioned in this article, for BoP service research well-being represents the resulting effect, whereas in TSR it is the driving cause.

3. Advancing Service Research at the Base of the Pyramid: A Service Ecosystems Perspective

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3.1 Abstract

This chapter aims to answer the multiple calls for further service research that contributes to poverty alleviation while providing new perspectives. In order to do so, it brings the service ecosystems framework to the Base of the Pyramid (BoP) context. As a result, this highlights the key role of actors' social embeddedness, private resources, and informal institutions in enabling value co-creation in the service ecosystem. Thus, providing insights for the ongoing collaboration, refining, and development of a framework for BoP service ecosystems.

3.2 Introduction

Two-thirds of the world's population lives in poverty, earning the equivalent of less than US$9.00 per day (Arnold & Valentin, 2013), while over 730 million people live in conditions of extreme poverty and earn less than US$1.90 a day (World Bank, 2020). People who live in such conditions have limited access to basic services such as healthcare, education, and transportation, among others (Fisk, et al., 2016). They also live with inadequate service systems that trap them in a self-perpetuating cycle of poverty that consists of self-reinforcing mechanisms that promote further poverty. As a result, unless there is outside intervention, current poverty will be itself a direct cause of future poverty (Azariadis and Stachurski, 2005).

This global problem has been studied for many years from various theoretical perspectives, creating a large body of knowledge built by researchers from areas such as policy development, economics, and sociology, among others (Reynoso, et al., 2015). The focus of these perspectives centered on the idea of improving social and economic conditions through aid, creating the perception that poverty alleviation should be the main domain of governments, non-profits, and nongovernmental organizations. However, in the past 15 years the “Base of the Pyramid” (or *BoP*) approach to poverty alleviation (Prahalad & Hammond, 2002; Prahalad & Hart, 2002) emerged and quickly generated a large amount of attention and interest from the business community and academics (Kolk, et al., 2015). This approach proposes that for-profit businesses can play a key part in bringing prosperity to the poor by breaking poverty cycles while simultaneously tapping into new sources of profit (Prahalad & Hart, 2002). Its premise centers on reducing poverty through inclusive business strategies that aim at creating gains for both, provider and customer.

In recent years, the BoP approach has evolved from its initial focus on *selling to the poor* to *engaging with the poor* through the co-creation of goods and services (Follman, 2012). In this regard, Prahalad and Hart (2002) stated that opportunities at the BoP cannot be unlocked unless large and small firms, governments, civil society organizations, development agencies, and the poor themselves work together with a shared agenda. Furthermore, this approach argues that businesses should not merely sell to the poor, rather they should engage in *co-creation* with them (Simanis, et al., 2008). Thus, it proposes engaging with the BoP as active partners rather than passive consumers in order to generate greater shared value for all (Simanis, et al., 2008). Nonetheless, previous research has found that engaging in co-creation at the BoP can involve multiple challenges, particularly in terms of the venture’s sustainability (e.g., London and Hart, 2004; Karnani, 2007). In response, in recent years the BoP approach has expanded its focus from singular solutions of poverty alleviation to developing innovation ecosystems that generate sustainable solutions co-created together with and for BoP communities (Casado Cañeque & Hart, 2015).

In parallel to the increasing popularity of the concept in business research, in recent years the BoP approach has been gaining momentum within service research. Gebauer & Reynoso (2013) presented an initial research agenda with theoretical perspectives, empirical fields, and research approaches that can enrich service research at the BoP. Reynoso, et al., (2015) further advanced this agenda by proposing five BoP Service Research Streams that emerge from the intersection of BoP literature and Service Research Priorities. Additionally, there have been numerous articles calling for further BoP service research that provides a new perspective on service research phenomena while contributing to solve this global problem (Fisk, et al., 2016; Gummerus, et al., 2013; Ivanovich and Fuxman, 2012; Reynoso, 1999).

This chapter aims to respond to these calls and contribute to the *BoP networks in service ecosystems* research stream (Reynoso, et al., 2015) by providing a new perspective of the service ecosystems framework. To do so, we contextualize the service ecosystems framework to the BoP. As a result, this chapter clarifies how the characteristics of this environment influences service ecosystems regarding *actors*, *institutions*, and *resources*. Highlighting the key role of actors' social embeddedness, informal institutions, and private resources in enabling value co-creation at the BoP. Thus, this article aims to provide insights that contribute to the ongoing collaboration, refining, and development of the framework for BoP service ecosystems.

The rest of the chapter is organized as follows. First, a review of the origin and evolution of the BoP concept in business research, from its initial focus on *selling to the poor* to its current emphasis on *sustainable development and ecosystems.* This section also discusses the recent developments in BoP service research as well as the BoP service research streams. Second, we discuss the definition and concepts of the service ecosystems framework, grounded in service research. Third, we bring the key concepts of service ecosystems into the BoP context, expanding on the framework's current assumptions on the characteristics of actors, institutions, and

resources in BoP service ecosystems. Fourth, we present the conclusion which discusses main benefits of adopting a service ecosystems perspective to the BoP context.

3.3 Base of the Pyramid (BoP) Approach to Poverty Alleviation

3.3.1 From Selling to the Poor to Sustainable Development

The Base of the Pyramid (BoP) concept refers to the largest and poorest socioeconomic group in the world (Prahalad & Hart, 2002). It includes the 4 billion people around the world that live on less than $9 USD per day (Arnold & Valentin, 2013; Prahalad & Hart, 2002). These people lack basic services such as health, energy, sanitation and water, and for the services they have, in many cases are forced to pay more than people in middle or high-income segments (Hammond, et al., 2007). This is called the “poverty penalty” and it creates a cycle in which current poverty leads to future poverty (De Soto, 2000).

Traditionally, the main approach to help improve the lives of people living in poverty has been through aid-based programs run by governments, charities, and non-profit organizations. Despite the large efforts and investments, it has been questioned whether these programs actually have a positive long-lasting effect in poverty alleviation (Banae & Yandell, 2006; Riddell, 2008). One of the biggest issues is that philanthropic programs generate large financial burdens that increase their risk of failure, particularly if funding is constrained. In an effort to solve this issue, it has been suggested that an improve approach to poverty alleviation combines the efforts of government, non-profit organizations, and social and commercial enterprises in order to generate self-sustaining programs (e.g., Prahalad and Hart, 2002; Viswanathan and Rosa, 2007).

In the same vein, Prahalad and Hart (2002) introduced the “Bottom/Base of the Pyramid (BoP)” approach to poverty alleviation as a call for multinational enterprises (MNEs) to “seek their fortunes and bring prosperity to the aspiring poor” (Prahalad and Hart, 2002). Thus, advocating for market-based solutions that can service the BoP profitably. The BoP approach encourages organizations to develop new business strategies aimed at poverty alleviation that contribute to solving this global problem while making profits (Prahalad & Hart, 2002). This perspective is based on two premises: inclusive capitalism and mutual value. The first premise, inclusive capitalism aims at bringing markets into the BoP and enabling the participation of the poor in these markets. The second premise, mutual value, proposes that businesses focus on generating value simultaneously for themselves as well as for the local BoP community (Simanis, et al., 2005). Thus, this approach encourages organizations to stop conceptualizing the BoP as a passive aid recipient for philanthropic organizations (Gebauer & Reynoso, 2013). Rather, this approach views the BoP as an attractive new market, particularly for two types of organizations: *for-profit corporations* who help the poor by bringing their much needed services while obtaining profits (London, et al., 2010) and *social businesses* who seek to achieve a social objective while recovering their full costs (Yunus, 2010).

Despite the increasing popularity of the BoP approach in business research and its appeal to MNEs and large local firms, some authors considered it to be “at best, a harmless illusion and potentially a dangerous delusion” (Karnani, 2007). Other critics questioned whether it can deliver on the promise of mutual profit creation and poverty alleviation (Simanis, 2012). For instance, Hart (2015) found out that “…most BoP ventures and corporate initiatives over the past decade have either failed outright or achieved only moderate success at great cost”.

In response, the BoP discourse evolved from presenting the poor as potential consumers of goods and services (BoP 1.0) to integrating them as partners in co-creation or “business co-venturing” (BoP 2.0) (Prahalad and Hart, 2002). This second iteration of the BoP perspective kept inclusive capitalism and mutual value

creation as core elements, while encouraging organizations to additionally incorporate BoP partners into their business models as distributors or suppliers (Simanis et al., 2008; Simanis & Hart, 2009). Thus, whereas BoP 1.0 centered on "finding a fortune at the BoP" and was characterized by MNEs selling cheaper versions of their products in developing markets. The BoP 2.0 centered on the *development of new markets and the engagement in co-creation with people living in poverty* (Simanis, et al., 2008). This new approach emphasized the importance of co-creating with the poor in a way that creates value for all partners in terms important to each (Dembek, et al., 2009; Simanis, et al., 2008).

However, some critics still argued that the BoP 2.0 approach was not providing lasting employment opportunities, while promoting unsustainable consumption patterns (Karnani, 2009). Thus, they called for organizations to broaden their perspective, arguing that their responsibilities should not be limited to shareholders but rather to a multitude of stakeholders (Davidson, 2009; Dembek, et al., 2009). Additionally, they called BoP ventures to stop limiting their focus to generating profits, and rather act as members of a larger society.

In response to this criticism, a third iteration of the BoP approach has recently emerged, BoP 3.0. Even though the BoP 3.0 maintains its core elements of inclusiveness and co-creation, it also includes sustainability objectives with a triple-bottom-line perspective (Casado Cañeque & Hart, 2015). This iteration shifts away from promoting singular solutions of poverty alleviation to aiming at achieving greater levels of well-being that consider the social, economic, and ecologic impacts of BoP ventures (London, 2016). In order to do so, the BoP 3.0 calls for the development of innovation ecosystems and cross-sector partnerships. Encouraging organizations to integrate different local actors that play multiple roles through ad-hoc processes, such as: local firms, nongovernmental organizations, and the members of the local community (Follman, 2012). Table 8.1 summarizes the evolution of the BoP approach, from BoP 1.0 to the most recent BoP 3.0.

Table 3.1 - Evolution of BoP Concept: From Selling to the Poor to Sustainable Development

	BoP 1.0	BoP 2.0	BoP 3.0
Authors	Prahalad and Hart (2002)	Simanis, Hart, and Duke (2008)	Casado-Cañeque and Hart (2015)
Focus	"Selling to the poor"	"Business co-venturing"	"Sustainable development, bottom-up model"
BoP Role	Consumer	Business partner	Small producer
Engagement	Deep listening	Deep dialogue	Ad hoc process, cross-sector partnerships, and networks
Relationship	Arm's length relationships *mediated* by NGOs	Direct, personal relationships *facilitated* by NGOs	*Direct relationships with stakeholders* by the BoP small producers' initiative

Source: Adapted from Dembek, et al., 2019

In summary, in the last twenty years, the BoP approach to poverty alleviation has emerged and popularized in business research. It was initially proposed by Prahalad and Hart (2002) and it urged for-profit organizations to engage in direct co-creating relationships with the poor in order to generate mutual benefits and help improve their lives (Neghina, et al., 2015). The BoP approach represents an alternative to the traditional perspective that considers these markets as the exclusive domain of governments, aid agencies, and non-profits. It frames the needs of people living in poverty as available market opportunities for private companies, who can become agents of change through market-based solutions that help alleviate poverty (London, et al., 2010). Most recently, this approach has shifted its focus from the development of singular ventures to the construction of socially-embedded ecosystems that integrate local actors into BoP ventures such as: local firms, nongovernmental organizations, and the local community (Dembek, et al., 2019). In

recent years, the BoP approach has also increased its presence within service research, generating a growing literature stream that aims at expanding service knowledge at the BoP and producing service research that can help improve the well-being of people living in poverty. The evolution of BoP service research is further discussed in the section below.

3.3.2 BoP Service Research

Although the BoP concept has been increasingly popular in business research since the early 2000's, the stream of BoP service research has advanced mostly in the last decade (e.g., Fisk, et al., 2015; Gebauer & Reynoso, 2013; Joncourt, et al., 2019; Reynoso, et al., 2015; Reynoso & Cabrera, 2019).

Gebauer and Reynoso (2013) presented one of the initial integration of the BoP approach into service research. This article introduced a research agenda that proposed multiple theoretical perspectives, empirical fields, and research approaches that could help further advance service research at the BoP environment. The before mentioned authors posit that exploring service at the BoP could help expand service theories and concepts by bringing them to a context in which they don't apply, or at least not in the same way (Gebauer and Reynoso, 2013).

Furthermore, Reynoso, et al. (2015) combined the BoP research perspectives with the Service Research Priorities (Ostrom, et al., 2015). As a result, the authors proposed *five research streams* that could help further develop BoP Service

Research. The first stream, *socially inclusive service innovation and sustainable development,* aims at clarifying how organizations can involve the BoP in service innovation processes. Then, the second stream, *co-creation of service experiences in low-income markets,* focuses on understanding how to develop services that match needs with the local economic and infrastructure conditions. Third, *service design in social entrepreneurship,* seeks to apply the concepts and frameworks of service design research to enable social entrepreneurs. Fourth, *transformative services for poverty alleviation,* aims to increase the understanding of the social and ecological impacts of service at the BoP. Fifth, *BoP networks in service ecosystems,* proposes the use of the service ecosystems framework to further understand service in this context.

The purpose of this book chapter is to contribute to the fifth BoP Service Research stream which is focused on exploring *BoP networks in service ecosystems* (Reynoso, et al., 2105). We aim to extend this line of research by contextualizing the service ecosystems framework in the BoP environment. Thus, providing insights into the ways in which BoP service ecosystems are different to those in non-BoP context. This is further developed in the section below.

3.4 Contextualizing Service Ecosystems at the BoP

3.4.1 Service Ecosystems: Definition and Concepts

The ecosystems lens has been proposed by multiple strategy and marketing researchers as a theoretical framing that can help understand complex and changing environments (e.g., Alderson, 1965; Ben Letaifa, et al., 2016; Moore, 1996; Wieland, et al., 2012). Ecosystems refer to networks of actors (Moore, 1996) or communities that co-create value by integrating complementary resources (Ben Letaifa &

Reynoso, 2015). This perspective has become increasingly relevant to service research because it enables a broader social and institutional framework to understand business and non-business relationships (Wieland, et al., 2012).

Vargo and Lusch (2011, 2016) introduced the service ecosystems concept, which is based on S-D logic. They defined the service ecosystem as "*a relatively self-contained, self-adjusting system of resource-integrating actors, connected by shared institutional logics and their mutual value creation practices, which benefit engaged actors through their service exchange*" (Vargo and Lusch, 2016). Five elements compose this definition. First, the definition proposes that ecosystems are relatively self-contained meaning that they have fuzzy or unclear boundaries. Second, actors are relatively self-adjusting, which refers to actors showing adaptive behavior. Third, all actors in the ecosystem are considered to be resource integrators. Fourth, actors in service ecosystems are connected by institutions and institutional logics, meaning that formal and informal norms influence their behavior. Fifth, service exchange in service ecosystems results in mutual value creation, but this only happens when equitable and balanced interaction among actors occurs.

Ben Letaifa and Reynoso (2015) presented an initial effort to conceptualize service ecosystems at the BoP. First, they identified three main challenges in BoP literature: BoP services designed with a top-down approach, BoP users regarded as passive consumers, solutions are disconnected from the local context. To help solve these challenges, the authors connected service-dominant (S-D) logic with key concepts of service ecosystems literature. As a result, they posited four theoretical propositions for designing sustainable service ecosystems at the BoP environment. First, for BoP service ecosystems a *multi-actor* approach is required in which individuals are considered active operant resources is required. Second, *social embeddedness* of actors and resources is necessary to design relevant services with local focus. Third, services are *co-created with and for* local communities and BoP actors play *multiple social roles*. Fourth, value at the BoP is determined as *multi-*

level (for all beneficiaries) and *multi-dimensional* (social, economic, ecological and cultural) *value* (Ben Letaifa & Reynoso, 2015).

Against this theoretical background, this chapter aims to help further advance the development of the BoP service ecosystems framework by exploring the main characteristics of its actors, institutions, and resources, as well as its difference to those in non-BoP environments. Previous research has found that there are significant differences in BoP markets compared to traditional non-BoP markets, which have important implications for business research and practice (e.g., Nielsen & Samia, 2008; Rivera-Santos & Rufin, 2010; Reficco & Marquez, 2012). Contextualizing current service theories and concepts at the BoP is important because the complexity of the social and economic environment can make service theories and concepts not apply or at least not in the same way (Gebauer and Reynoso, 2013).

The importance of considering context in the development of theory has been increasingly present in business research (e.g., Bamberger, 2008; Johns, 2001; Rousseau and Fried, 2001; Whetten, 2009). Johns (2006) defines context as "situational opportunities and constraints that affect the occurrence and meaning of organizational behavior as well as functional relationships between variables". Contextual effects are defined as "the set of factors surrounding a phenomenon that exert some direct or indirect influence on it – also characterized as explanatory factors associated with higher levels of analysis than those expressly under investigation" (Whetten, 2009, p.31). Alvesson and Karreman's (2007) discussion of theory development also emphasizes the importance of context in theorizing. Positing that "no theory is always wrong or always right—all are more or less relevant and helpful in different situations" (p. 1272). Contextualization enables creative and new analysis and explanations by situating theories into their natural setting. Given the acknowledgement and integration of the environment, contextualization has the capacity of enriching theoretical perspectives that have guided thinking about

service at the BoP by providing an opportunity for advancing the current theoretical frameworks.

The section below discusses each of the three key concepts of service ecosystems in the BoP context: institutions, resources, and actors. Each section first discusses the current assumptions, then the characteristics of the BoP environment, and finally the implications for BoP service ecosystems.

3.4.2 Institutions: Informal institutions prevail at the BoP

The service ecosystems framework currently highlights the influence of institutions in value co-creation. They are considered to be the key to understanding the structure and functioning of the ecosystem or the glue that enables and constrains value co-creation within these social systems (Vargo & Akaka, 2012; Vargo & Lusch, 2015). Institutions are defined as rules, norms, and meanings that enable and constrain human action (Scott, 2001). Representing the embodiment of the set of expectations in society and define socially acceptable actions and outcomes (Suchman, 1995). Thus, they have the power to influence peoples' actions by encouraging them to act in a socially acceptable manner. Regulating human behavior and establishing the framework within which social life takes place.

Institutions can take various forms, ranging from an individual's attitudes and beliefs to the legal system. Thus, they can been classified in two distinct categories: *formal institutions* and *informal institutions*. First, *formal institutions* include the political, legal, and economic systems that are established by the government to regulate people's behaviors and reduce transaction costs (North, 1990). They represent the laws and regulations that define and enforce social acceptability from a legal standpoint. For example, constitutions, contracts, and forms of government (North,

1990; Lowndes, 1996). Formal institutions help regulate the distribution of power, land tenure, and ownership rights, among others.

Second, *informal institutions* are behavioral regularities based on socially-shared rules, usually unwritten (North, 1990). They are created, communicated, and enforced outside of officially-sanctioned channels (Helmke and Levitsky, 2003). They consist of norms, customs, traditions, religion, and other norms of behavior that emerge spontaneously (not designed or enforced by the government) and pass the test of time (North, 1990). While formal institutions are enforced by official entities, such as courts, judges, police, etc., informal institutions are self-enforcing through mechanisms of obligation, such as expectations of reciprocity, standard operating procedures, shunning, boycotting, and public shaming, among others (De Soysa and Jutting, 2007). Informal institutions define the legitimacy of behaviors and outcomes, and are characterized by their long durability (Williamson, 2000). Together, formal and informal institutions encourage people to engage in desirable actions through rewards (e.g., reduced transaction costs) and enforcement (e.g., fines and/or termination of contract), enabling expectations regarding other people's behaviors which reduce risk and transaction costs (DiMaggio & Powell, 1983).

Multiple studies have found that the characteristics of institutions vary widely across societies and social environments (e.g., Hofstede, 1980; House, et al., 2004). For instance, institutions in developed markets are very different from institutions in BoP markets (Rivera-Santos and Rufin, 2010). At the BoP, formal institutions tend to be weaker than in developed markets (Webb, et al., 2010). Consequently, in this environment informal institutions become stronger than formal institutions, replacing the role of formal institutions (London & Hart, 2004) even when they are contradictory (Arnould & Mohr, 2005). For example, given the lack of law enforcement and regulations, and the absence of well-defined property rights, any issues lead to informal resolutions because little to no protection is available in the event of violations (De Soto, 1989; Ricart et al., 2004; Webb, et al., 2010). Because people lack access to formal capital markets (such as banks) when a credit is needed people

rely on their friends, family and neighbors for a personal loan (De Soto, 1989). In rural areas, since pubic infrastructure are undependable and inadequate, what infrastructure exists is largely supported by private communities rather than public funds (Webb, et al., 2010).

Because of the weakness of formal institutions, people have found alternative ways to subsist at the BoP by relying on their personal relationships and social networks which provide them access to the needed resources and services (Rivera-Santos & Rufin, 2010). This is possible given the strength of informal institutions at the BoP (London & Hart, 2004). Thus, in the BoP context having access to a strong network of collaboration friends and family becomes the primary source for safety, insurance, and livelihood (Narayan, 2002).

Thus, given that formal institutions are weaker than in non-BoP context, informal institutions play a key role in BoP service ecosystems. They do so by providing actors with access to necessary and scarce tangible and intangible resources through their social relations. Thus, social embeddedness to informal networks becomes a key for the ecosystem's success and survival in the BoP context.

Table 3.2 below summarizes the key differences in formal institutions in developed markets and BoP markets.

Table 3.2 – Formal Institutions in Developed Markets vs. BoP Markets

Formal Institutions	Developed Markets	BoP Markets
Capital markets	Multiple formally established sources of funding, including equity markets, banks, venture capitalists, business angels, etc.	No formal capital markets. No access to banks, equity markets, etc. Actors must rely on friends and family ties, limited personal savings and "loan sharks" for capital.
Infrastructure	Organizations rely on public transportation (paved highways and roads), communication systems, and utilities.	Public infrastructure in highly populated areas is undependable and inadequate.

		In rural areas, private communities rather than public funds mostly support infrastructure.
Contracts and enforcement	Formal contract law and regulatory and court systems for enforcing contracts.	Scarce or no enforcement of formal contracts. Trust is based on informal governance mechanisms related to group norms, reputation, and power.
Property Rights	Established property rights defining one's property, the means through which one can increase one's property, and the means through which to enforce one's rights.	Lack of property rights. Notions of ownership exist but are only informally recognized, "Barking dogs" effect. Little to no property rights protection available in the event of violations.

Source: Webb, et al., 2010

3.4.3 Resources in BoP Service Ecosystems

The service ecosystems framework recognizes that actors integrate resources from multiple sources through service-for-service exchange (Vargo & Lusch, 2011). Thus, value co-creation resides in the intersections of all actors and resources that are integrated, including those that influence value co-creation indirectly (Lusch & Vargo, 2014).

Resources are classified in terms of the market venue: *market-facing*, *private* or *public* resources (Vargo and Lusch, 2011; 2018). First, *market-facing* resources refer to those that can be obtained through the market, for example a buying car. Second, *private resources* are non-market facing and include resources that are exchanged through social networks such as a personal loan provided by a close friend. Third, *public resources* are shared, communal, non-market facing resources generally provided through government or quasi-government actors. For example, police protection, parks and recreation areas, or public health services.

Although these three types of resources exist in all markets, in contrast to non-BoP environments, people at the BoP have limited access to *market facing* and *public resources*. For example, they don't have access to reliable government services

such as healthcare or transportation services (Rivera-Santos and Rufin, 2010). Consequently, *private resources* in BoP service ecosystems have a larger role than in non-BoP ecosystems (Ben Letaifa & Reynoso, 2015). As mentioned in the section above, given that governments at the BoP don't provide the support that is necessary for survival, people have found ways to survive through their strong personal relationships and social relations (Rivera-Santos & Rufin, 2010). Thus, the development of a strong network of collaboration between friends and family becomes the primary source for resources that enable safety, insurance, and livelihood (Narayan, 2002). For example, the self-provision of sanitation services and water is the norm at the BoP because many people remain without access to safe water or sanitation services. Informal credit mechanisms and saving strategies based on family or friends are prevalent in this context because of people lack access to formal capital markets. Informal child care arrangements commonly occur between neighbors and family members because of the lack of access to affordable child care services.

In summary, BoP environments are characterized by the scarcity of *market facing* (e.g., retail store products) and *public resources* (e.g., technology, infrastructure), therefore having access to *private resources* (e.g., product or services given by a friend or family member) is key. Thus, in BoP service ecosystems private resources, accessed through informal relationships, play a key role in enabling resource integration.

Table 3.3 below summarizes the differences in resources in developed and BoP markets.

Table 3.3 – Resources in Developed Markets vs. BoP Markets

Resources	Developed Markets	BoP Markets
Market-Facing Resources	Obtained through the market. E.g., Buying a car.	Can be difficult to obtain because of scarcity. E.g., No money to buy car, no access to bank loans.
Private Resources	Obtained through social networks E.g., Childcare arrangement with family or friends.	Play a key role given the lack of other resources. E.g., Informal child care arrangements with family or friends.
Public Resources	Obtained through government or quasi-government actors. E.g., Government provided water and sanitary services.	Government services are generally undependable and inadequate. E.g., Self-provision of water and sanitary services.

Sources: Ben Letaifa & Reynoso, 2015; Rivera-Santos & Rufin, 2010; Vargo and Lusch, 2011; 2018.

3.4.4 Actors in BoP Service Ecosystems

Instead of a 'single-actor' centricity (e.g., customer or company centricity) the service ecosystems perspective is characterized by a balanced centricity (Gummesson, 2008) and a more generic actor conceptualization (Lusch & Vargo, 2014). Value in service ecosystems is co-created by *multiple actors* through processes of exchanging and interchanging public, private, and market-facing resources in an effort to increase the well-being of all actors engaged in the ecosystem (Wieland, et al., 2016). And in this multi-actor environment, value is uniquely and phenomenologically determined by the different participating actors (Ben Letaifa and Reynoso, 2015). The ecosystems perspective removes the simplistic notion of actors as either consumers or producers, and instead conceptualizes all actors as resource-integrating actors. This allows for the inclusion and mapping of different types of actors that engage in the exchange, such as direct and indirect stakeholders and other influencers.

This multi-level and multi-actor perspective on value, value creation, and value capture that differentiates the ecosystems framework (Gummesson, 2008; Vargo and Lusch, 2008) is very relevant for BoP service ecosystems. This is because in this environment multiple actors must interact and play different social roles as the diversity of actors allows the integration of complimentary resources that are naturally scarce in this environment. Thus, shifting towards a multiple-actor BoP ecosystem represents a more inclusive perspective, in which all socio-economic actors can draw on their resources and capabilities to build sustainable service innovations (Reficco and Márquez, 2012; Rivera-Santos and Rufín, 2010). This is in line with the calls for "total wealth maximization" (Zahra et al., 2009) that include networks of profit and non-profit organizations that collaborate to generate value at the BoP environment (Weerawardena and Mort, 2006).

In BoP research, there is an increasing recognition of the significant role of BoP actors' social embeddedness because it allows them to easily adapt to the conditions of this environment (e.g., London and Hart, 2004; Rivera-Santos and Rufin, 2010). Social embeddedness can help individual actors and organizations build their capacity to "create a web of trusted connections with a diversity of organizations and institutions, generate bottom-up development, and understand, leverage, and build on the existing social infrastructure" (London and Hart, 2004). Hart (2005) further argues that social embeddedness is necessary to engage in market transactions. Thus, this author discourages the disruption of the prevalent culture and lifestyle and rather encourages building upon the existing resources and capabilities naturally available in this environment (Hart, 2005). Gibb and Adhikary (2000) found that social embeddedness lifts the psychological and cultural barriers that can exist between organizations and the BoP environment. Other benefits include helping reduce transaction costs, enabling the last-mile connectivity and reach by leveraging the existing market channels, and helping gain social acceptance among the people (Putnam, 1995).

In summary, diverse actors interact with each other and play different social roles as services are co-created with and for local communities. Actor diversity is very important for BoP service ecosystems because it allows the integration of different capabilities and resources, which are naturally scarce in this environment. Thus, actors' social embeddedness is key for BoP service ecosystems.

Table 3.4 below presents a summary of the key concepts of BoP Service Ecosystems.

Table 3.4 –Key Concepts of BoP Service Ecosystems

Key Concept	BoP Characteristics	Implications for BoP Service Ecosystems	Authors
Resources	Market-facing and public resources are scarce or unreliable thus, actors rely primarily on private resources.	Private resources are key for value co-creation in BoP Service ecosystems.	Rivera-Santos and Rufin, 2010; Vargo and Lusch, 2011, 2018;
Institutions	Formal institutions are weaker than in non-BoP markets, while informal institutions are stronger. Thus, informal institutions substitute the role that formal institutions play in non-BoP markets.	Informal institutions, rather than formal institutions, enable value co-creation in service ecosystems.	Baron, et al., 2018; Reficco and Marquez, 2012; Rivera-Santos and Rufin, 2010; Webb, et al., 2010;
Actors	Actor social embeddedness is key in a context with scarce or unavailable resources and capabilities.	Diverse actors interact with each other and play different social roles as services are co-created with and for local communities.	Ben Letaifa & Reynoso, 2015; Reficco and Márquez, 2012; Rivera-Santos and Rufín, 2010; Wieland, et al., 2015;

3.5 Conclusion

For service research, the BoP represents both the opportunity to help the billions of impoverished people across the world as well as to contextualize service theories and frameworks into a very different and challenging institutional context (Reynoso, et al., 2015). Thus, contextualizing service concepts and frameworks at the BoP can help expand service knowledge and research by actively learning from and with the poor (Fisk, et al., 2016). The BoP context represents the opportunity of further understanding the different manifestations of service in such a particular context, this can enrich established theories and frameworks while responding to the call to action for service research that can have a positive impact on the well-being of the world's poor (Fisk, et al., 2016; Reynoso, et al., 2015).

Applying a service ecosystems perspective to service at the BoP context can provide multiple benefits to service research and practice, as well as generate new lines of research. First, the service ecosystems framework can help further understand and solve sustainability and scalability challenges at the BoP because of its wider scope (Ben Letaifa and Reynoso, 2016; London and Hart, 2011), which allows for an inclusive perspective in which all socioeconomic actors can draw on their resources and capabilities to contribute to sustainable services (Reficco and Marquez, 2012; Rivera-Santos and Rufin, 2010). Future research could use this framework to map the social, economic, and ecologic impacts of service on the local community.

Second, building on the idea that nothing happens in isolation, this framework provides a systemic and dynamic vision of the socioeconomic exchanges that occur between multiple actors. Highlighting that service occurs within the environment of networks, which sociologists (Granovetter, 1973; Burt, 2017) and other marketing scholars (e.g., Achrol & Kotler, 1999) have been discussing for some time (Vargo & Lusch, 2017). Further research could explore how network characteristics enable or hinder BoP service ecosystems.

Third, the ecosystems view can broaden the focus beyond a dyadic view of customer and service provider. Thus, it allows for a wider view that includes the multiple actors that play important roles in service at the BoP (Ben Letaifa & Reynoso, 2015). Further research in this line could further explore the elements of the social context that influence the interactions between the actors in service ecosystems (e.g., governments, universities, non-profit organizations, or local citizens) (Ben Letaifa, et al., 2016; Follman, 2012).

Fourth, the ecosystems perspective frames value creation in terms of a network of actors rather than a single actor. Thus, drawing attention to the multiple levels of interaction as well as the role of institutions (i.e., social norms, collective meanings and other coordinating heuristics) as drivers of value co-creation (Akaka, et al., 2013; Chandler & Vargo, 2011). This perspective provides a systemic view that shows how all actors coordinate and integrate resources with the purpose of creating value for themselves and others. This is very relevant in order to grasp on the various socioeconomic processes that influence value co-creation in multiple levels of aggregation (e.g., micro, meso, and macro) (Edvardsson, et al., 2011; Vargo & Lusch, 2017).

4. The Value of Social Capital in BoP Service Ecosystems

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4.1 Abstract

The Base of the Pyramid (BoP) Service Ecosystems framework is a multi-level network perspective that helps understand and address services at the BoP, the largest and poorest socioeconomic group in the world. It conceptualizes value creation in terms of a group of actors rather than a single actor. Reinforcing the notion that service occurs within a network environment that is influenced by the characteristics of its context, something that sociologists and marketing scholars have been discussing for some time. Although this framework helps map the network of actors that directly and indirectly impact the exchange, it doesn't illustrate how actors connect and what drives their cooperation. Furthermore, increasing the visibility into the actors' social ties could provide a better understanding of the dynamics that allow actors to interact and influence each another, guided by their social context. To help reduce this knowledge gap, the article introduces the three types of social capital to the framework: bonding, bridging, and linking. These concepts help understand the value of different types of social ties, which provide access to resources that are crucial for collaboration and difficult to obtain at the BoP. The article starts by describing the BoP service ecosystems framework, its origin, definition, and levels of analysis. Then, it explores social capital including its definition, levels of analysis, and types. Finally, it integrates bonding, bridging, and linking social capital to the BoP service ecosystems framework. As a result, the article proposes that bonding social capital connects actors to others that share a

common identity, providing access to resources that help them survive or “get by”. Second, bridging social capital connects actors across social divides, providing access to different resources that help them “get ahead”. Third, linking social capital connects actors across explicit, formal, or institutionalized power or authority gradients in society, enabling access to resources that allow them to “get things done”. Finally, the article concludes that social capital is the glue that connects actors together in the BoP service ecosystem by enabling joint activities, trust, and cooperation regardless of the difficult conditions of the context. Thus, the development and maintenance of social relationships can help mitigate the insidious effects of socioeconomic disadvantage, which suggests that where social networks flourish actors can prosper, social and economically.

Keywords. Base of the Pyramid, BoP Service Ecosystems, Bonding Social Capital, Bridging Social Capital, and Linking Social Capital

4.2. Introduction

Around nine percent of the world's population currently live under conditions of extreme poverty, earning less than $1.90 USD per day (World Bank, 2020). Although this number had been decreasing over the past 25 years, progress has slowed down considerably in the last eight years. Additionally, 2020 presented the worst setback in recent history due to three combined forces: the COVID-19 pandemic and its resulting economic crisis, the effects of armed conflict around the world, and the effects of climate change (World Bank, 2020). As a result, 100 million people fell back into poverty (World Bank, 2021). Furthermore, without swift and substantial change, in the next years inequality will continue to rise, and inclusive growth will keep falling, making this global problem larger. How the world responds today directly determines whether this trend can be turned around eventually (World Bank, 2021).

To contribute to solve this global problem, researchers from multiple theoretical backgrounds have developed a large body of knowledge that is centered on finding solutions to lift people out of poverty through actions of philanthropy, aid, and policy. However, in the past 20 years a new perspective called the "Base of the Pyramid" (BoP) approach was introduced and rapidly popularized in multiple areas of business research (e.g., business strategy, operations, marketing). This perspective brought in an alternative to poverty alleviation, which argues that businesses can play a critical role in increasing prosperity and wellbeing not through actions of philanthropy or corporate social responsibility but by engaging directly with the BoP through business models that generate economic, social, and environmental value simultaneously to both (Prahalad & Hart, 2002).

In parallel, a movement has developed within the service research community in the past 10 years that has the goal of applying our resources, networks, and infrastructures to help reduce poverty by learning from and with the poor to obtain better service from each other, their communities, corporations, governments, and

nongovernmental organizations (e.g., Reynoso, 2008; Gebauer and Reynoso, 2013; Fisk, et al., 2016; Reynoso & Cabrera, 2019). This is relevant because service research concepts and frameworks that have been developed in traditional non-BoP contexts must be explored at the BoP since they might not necessarily apply in the same way (Gebauer & Reynoso, 2013; Reynoso, et al., 2015; Valdés, et al., 2021). Moreover, most frameworks and concepts in service research originate from developed Anglo-Saxon countries and are centered on the service concerns of customers that live in affluent societies. Thus, these might not be able to help manage or overcome the difficulties and complexities that service organizations face at the BoP context. Given the above, we need more service research developed for and with the BoP to gain a full understanding of how to address the service needs of people living in poverty and contribute to advance their economic development and wellbeing (Fisk, et al., 2016; Reynoso, et al., 2015; Valdés, et al., 2021).

Aiming to further develop this research line, Reynoso, et al., (2015) presented five specific research streams at the intersections of BoP and Service Research bodies of knowledge that represent relevant theoretical avenues to conduct further BoP service research. The fifth stream, *BoP networks in service ecosystems*, proposes the service ecosystems framework as a useful lens to understand the dynamics of service in this context. Further advancing this stream, Ben Letaifa and Reynoso (2015) connected the premises of S-D Logic with the key concepts of ecosystems theory, contextualized to the BoP setting. As a result, they introduced the foundations for a BoP service ecosystems framework that extends the visibility beyond the customer and service provider by mapping the actor networks that participate in the exchange, integrating complementary resources with one another for value co-creation (Valdés, et al., 2021).

The BoP service ecosystems framework builds on the idea that service occurs within a network environment that is influenced by the characteristics of the micro, meso, and macro context (Ben Letaifa & Reynoso, 2015). It enables a wider view of the service exchange beyond the direct interactions of the customer and service

provider, which is something that sociologists and marketing scholars have been discussing for some time (Valdés, et al., 2021). Yet, a deep dive is still needed to understand the social dynamics of the ecosystem. To understand how the elements of the social context influence and drive actors to connect and cooperate with each other even when embedded into this difficult context. Doing so can help gain insights into how to better address the service needs of people living in poverty, particularly since traditional service frameworks and concepts don't apply in this context in this same way (Edvardsson, et al., 2011; Wilden, et al., 2017). Thus, the article aims to help answer the question of why actors connect and cooperate with each other even when embedded into a difficult and complex context, such as the BoP.

To fill this knowledge gap, this article introduces to the framework the key concepts of bonding, bridging, and linking social capital at the micro, meso, and macro levels. By integrating these concepts to the framework we can visualize how in a context as difficult as this, actors' social connections help manage and overcome the complexities of this context as they provide access to tangible and intangible resources that are necessary for the service exchange but difficult to obtain otherwise. As a result, this article shows that social capital is the glue connecting actors together in the BoP service ecosystem. Thus, there is value inherent to social relations, which allow actors in BoP service ecosystems to overcome the challenges of this context.

The rest of the article is organized as follows. The second section presents the theoretical framework which first describes the BoP service ecosystems framework, presenting its origin, definition, and levels of analysis. It then presents the concept of social capital, describing its origin, definition, levels of analysis, and types. The third section of this article integrates social capital into the framework by presenting three propositions for the role of bonding, bridging, and linking social capital in the BoP service ecosystems framework. Finally, the fourth section presents a conclusion and future research opportunities on social capital in BoP service ecosystems.

4.3 Theoretical Framing

4.3.1 BoP Service Ecosystems Framework

4.3.1.1 Conceptualizing the BoP Service Ecosystems Framework

In the early 2000's the term "base/bottom of the pyramid" (BoP) was introduced and popularized by Prahalad and Hart (2002), referring to the largest and poorest socio-demographic segment in the world. In their article, the authors argued that the low-income segment represents an immense opportunity for the world's wealthiest companies to bring prosperity to the poor while earning profits (Prahalad & Hart, 2002). This so-called BoP perspective was the first to frame the needs of people living in poverty as untapped opportunities for private companies to engage in mutually beneficial co-creating relationships with them. This perspective was very different from the traditional approach, which considered the poor as passive aid recipients and argued that poverty alleviation was the exclusive responsibility of governments, non-profit organizations, and philanthropy (Gebauer and Reynoso, 2013). Throughout the years, the BoP discourse has evolved from emphasizing the role of singular for-profit ventures in poverty alleviation, to promoting the development of socially embedded ecosystems that integrate local actors like local organizations, nongovernmental organizations, and members of the local community (Dembek, et al., 2019).

Within the service research community, Prahalad and Hart's (2002) BoP perspective has inspired a large movement that aspires to help the billions of impoverished around the world obtain better service from each other from their communities, from corporations, from their governments, and from nongovernmental organizations (Fisk, et al., 2016; Gebauer & Reynoso, 2013; Reynoso, et al., 2015). The common

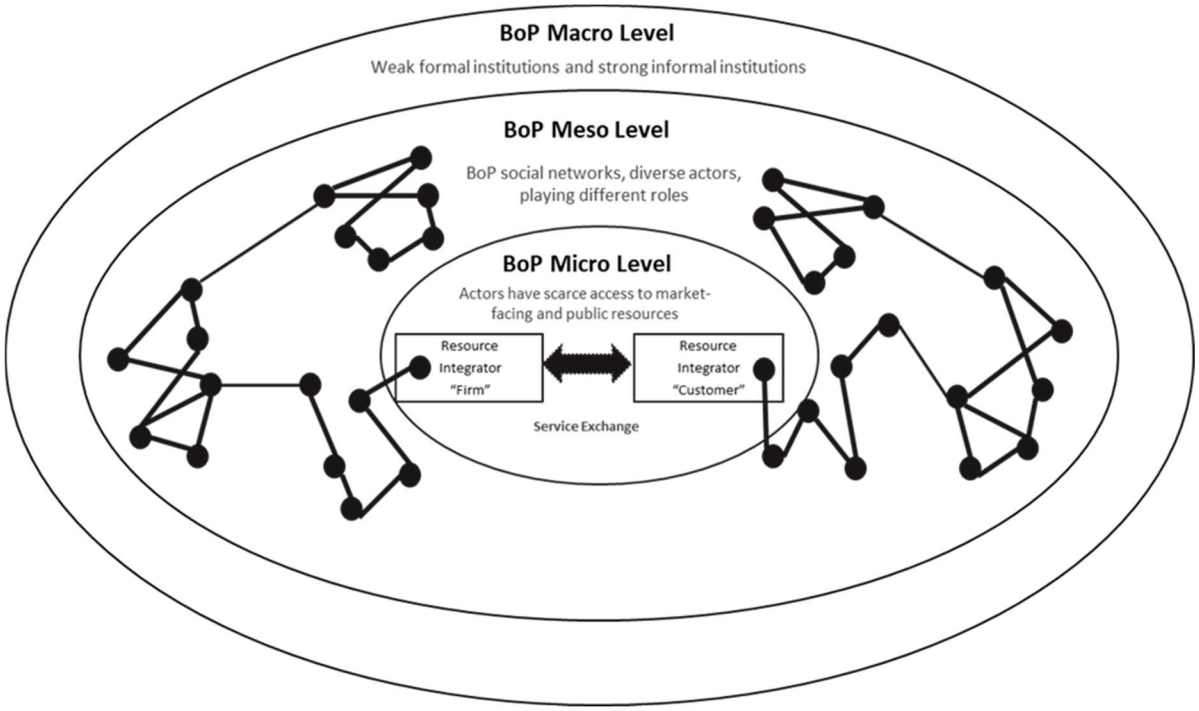
ground between the BoP literature stream and the Service Research Priorities (Ostrom, et al., 2015) is represented in five BoP-Service Research streams (Reynoso, et al., 2015). First, the *socially inclusive service innovation and sustainable development* stream which is focused on studying the inclusion of BoP actors within service innovation processes and how this influences sustainability. Second, the *co-creation of service experiences in low-income markets* stream which proposes studying how service experiences are adapted into the local economic and infrastructure conditions at the BoP. Third, the *service design in social entrepreneurship* stream which applies service design concepts and frameworks to enhance social entrepreneurship at the BoP. Fourth, the *transformative services for poverty alleviation* stream which studies the social and ecological impact of service at the BoP context using a transformative service theoretical lens. Fifth, the *BoP networks in service ecosystems* stream, which argues that the service ecosystems framework is a theoretical lens appropriate to the BoP context and proposes that social networks at the BoP play a critical role, since actors in this context rely on the support and participation of other actors in the service ecosystem to survive and thrive (Reynoso, et al., 2015).In this vein, Ben Letaifa and Reynoso (2015) proposed the foundations for such a framework that is a comprehensive, multi-level, and multi-actor network perspective to better understand and address services at the BoP. The key benefit of adopting this framework is that it allows a network view that maps all direct and indirect stakeholders, as well as other contextual factors, that influence the service exchange at the BoP context (Ben Letaifa & Reynoso, 2015). Through the combination of the main components of ecosystems theory with S-D Logic's axioms (Vargo and Lusch, 2014), the authors proposed four pillars of the BoP service ecosystems framework. First, BoP service ecosystems have *a multi-actor approach* with actors conceptualized as active operant resources. Second, service at the BoP require a local focus*,* thus *social embeddedness* plays a key role. Third, actors *play multiple social roles* in service that is co-created with and for the local BoP community. Fourth, value at the BoP is *multi-dimensional* (social, economic, ecological, and cultural) and *multi-level* (for all beneficiaries) (Ben Letaifa & Reynoso, 2015).

In sum, one of the main advantages of using the service ecosystems framework at the BoP is that it enables a broad social and institutional perspective that maps not only the actors that directly interact in the service exchange (e.g., customer and service provider) but also the network of actors that participate indirectly, co-creating value by integrating complementary resources (Valdés, et al., 2021). Thus, this framework provides a systemic and dynamic vision of the interactions of those different actors participating in the exchange. It builds on the notion that service does not happen in isolation, it occurs within a network environment, something that sociologists and other marketing scholars have been discussing for some time.

4.3.1.2 Understanding the BoP Service Ecosystems Framework at different Levels of Analysis

As stated above, the ecosystems framework is considered an ideal framework to understand the complexity of service at the BoP context. It facilitates the mapping of resources, actors, and institutions that influence the service exchange. In the framework, all elements are interconnected and can be analyzed in three separate and complementary levels of analysis. First, the micro level zooms in on a particular actor participating in the service exchange. Second, the meso level zooms out at the role of networks. Third, the macro level zooms out at the influence of institutions and institutional arrangements. Together, these three levels provide a deep understanding of the elements that influence directly or indirectly service at the BoP, highlighting the influence of the sociocultural dimension (Ben Letaifa & Reynoso, 2015). Figure 1 (below) illustrates the BoP Service Ecosystems framework at the micro, meso, and macro level. This figure was adapted from service ecosystems literature (Chandler and Vargo, 2011; Vargo and Lusch, 2011) and BoP service ecosystems literature (Ben Letaifa and Reynoso, 2015; Valdés, et al., 2021). The key characteristics of these three levels of the framework are descried below.

Figure 4.1 BoP Service Ecosystems Framework



Adapted from: Lusch and Vargo, 2011; Valdés, et al., 2021

First, at the center of the framework in figure 1 the smallest ellipse represents the micro-level of the ecosystem. Here, the dyadic interaction occurs between the "service provider" and the "service customer" during the service exchange. These two actors have direct interactions as resource integrators and they are the main beneficiaries of the service exchange (Lusch and Vargo, 2011). In the case of service at the BoP, one or both actors can be members of the BoP segment. Thus, resulting in three possible scenarios: BoP service provider interacting with a non-BoP service customer; a BoP service provider interacting with a BoP service customer; and a non-BoP service provider interacting with a BoP service customer. The BoP context is characterized by a limited availability of market facing and public resources. Thus, in this context private resources - defined as those that are obtained through informal relationships such as family or friends - play a key role in enabling resource integration (Baron, et al., 2018; Reficco and Marquez, 2012;

Rivera-Santos and Rufin, 2010; Valdés, et al., 2021; Vargo and Lusch, 2011; 2018; Webb, et al., 2010; Wieland, et al., 2016). For example, if a person lives in a community that lacks affordable child-care services, they must seek the help of a family member or friend that can help take care of their children. Otherwise, they won't be able to go to work.

Second, the medium-sized ellipse shows the meso-level of the framework, which illustrates that the interactions between service provider and customer are embedded into a wider social system that contains multiple actor networks influencing the exchange (Lusch and Vargo, 2011; Vargo, 2011; Akaka, et al., 2013). These actor networks are independent service systems made up of individual actors (e.g., family members, friends, partners, co-workers, or other type of acquaintances), organizations (e.g., suppliers, competitors, or others), or industries (e.g., food and beverage industry, communications industry, or others) (Vargo, et al., 2008). They influence the service exchange by engaging directly or indirectly with the micro-level actor dyad (e.g., service customer and provider) in different social roles that allow them to share their diverse skills and knowledge (Ben Letaifa & Reynoso, 2015; Valdés, et al., 2021). For instance, previous research has found that ventures at the BoP have an increased capacity of surviving and scaling-up if they engage with their expanded social network by connecting with other actors that can help them obtain additional resources and enhance their legitimacy or formal recognition (Wierenga, 2020; DiDomenico, Haugh, and Tracey, 2010). Thus, expanding the perspective to the meso-level can help understand the ways in which BoP ventures can connect with other actors that help them develop their skills and capacities as consumers or entrepreneurs, which has a direct impact on the success of the service exchange (Viswanathan, 2007; Viswanathan, Sridharan, & Ritchie, 2010; Wierenga, 2020).

Third, the largest ellipse of the framework represents the macro-level of the ecosystem. This widens the scope of the exchange even further to illustrate that the micro and meso levels are embedded to and influenced by the conditions of the macro environment (Vargo, 201; Akaka, et al., 2013). For instance, two macro level

factors that influence the service exchange are the shared system of rules known as *governance* (Spohrer, et al., 2012) and their essential foundations known as *institutions* (Vargo and Lusch, 2016). These institutions (rules, norms, meanings, symbols, practices) and institutional arrangements (interdependent assemblages of institutions) enable or constrain value co-creation in the service ecosystem (Vargo, et al., 2015; Koskela-Huotari and Vargo, 2016; Vargo and Lusch, 2016). A key characteristic of BoP service ecosystems is that service in this context operates in poor institutional conditions (Mair and Marti, 2009). For example, at the BoP formal institutions tend to be weaker compared to those in other non-BoP contexts, which hinders progress and economic activity. Consequently, alternative mechanisms arise in informal institutions which help regulate individual and collective social behavior through unwritten informal rules of engagement (Rivera-Santos, et al., 2012; Valdés, et al., 2021), which in turn drives the growth of the informal economy, which could be illegal by law but legitimate in terms of social acceptance (Wierenga, 2019).

Table 4.1 summarizes the three levels of BoP service ecosystems.

Table 4.1 Micro, Meso, and Macro Levels of BoP Service Ecosystems

BoP Service Ecosystems Level	Focus	Description of BoP Context
Micro	Zooms-in at individual actors within the dyadic interaction of the service exchange (e.g., customer or service provider).	Market-facing and public resources are scarce. Thus, micro-level actors rely on private resources obtained through informal relationships to engage in economic activity.
Meso	Zooms-out at the groups or networks of actors participating with different social roles in the service exchange (e.g., suppliers, competitors, friends, family)	An expanded social network helps actors connect with others to obtain additional tangible or intangible resources benefiting the service exchange.
Macro	Zooms-out at Institutions and Institutional Arrangements influencing the service exchange	Informal institutions are stronger and substitute the role that weaker formal institutions play in non-BoP markets.

4.3.2 Social Capital Theory (SCT)

4.3.2.1 Defining Social Capital

Rooted in sociology, Social Capital Theory (SCT) has inspired extensive multidisciplinary research in areas such as business studies, economics, political science, healthcare sciences, among others (e.g., Burt, 2000; Nahapiet and Ghoshal, 1997; Adler and Kwon, 2002). It is considered "one of the most successful exports from sociology to other social sciences" (Portes, 2000).

Although its origins can be traced back to 19th century social theorists such as Karl Marx (1818-1883), Max Weber (1864-1920), and Emile Durkheim (1858-1917), the contemporary conceptualization and discussion of social capital is said to derive mainly form the work of three authors: Pierre Bourdieu (1977, 1986), James Coleman (1980, 1987, 1988, 1990), and Robert Putnam (1993; 1995; 2000) (Carroll and Stanfield, 2003; Portes, 2000). Pierre Bourdieu (1977, 1986) was the first to provide a systematic analysis of the social capital concept (Portes, 1998). He defined social capital as "…*the sum of the resources, actual or virtual, that accrue to an individual or group by virtue or possession of a durable network of, more or less, institutionalized relationships of mutual acquaintance and recognition*" (Bourdieu, 1980). This individualistic perspective views social capital as potential resources or resources in the making that gain their value when they used by actors (Bourdieu, 1980). According to Bourdieu, social capital gives actors access to resources such as technology and money, among others. Whereas Bourdieu presented social capital as *resources* that emerge from the membership to a community, James Coleman (1988; 1990) conceptualized social capital as an attribute of the community itself. In this perspective, social capital is not a single entity, but a variety of different entities with two elements in common: they all consist of *some aspects of a community's social structures,* and they *facilitate the action of actors within the*

structure (Coleman, 1988, 1990: 302). Thus, according to Coleman, social capital is located neither in individuals nor in physical implements of production, but it *inheres in the structure of the relations between actors* (Coleman, 1990). In Coleman's perspective, social capital refers to the benefits that can be obtained by actors as well as the expectations and obligations of trust, reciprocity, and the following of the norms and values of the group (Coleman, 1990). This definition combines *what social capital is* (a variety of social structures) with *what social capital can be used to achieve* (facilitate actions). Coleman's research on social capital in families and education was very influential for SCT (Franklin, 2007: 2). Yet, it has been overshadowed by the work of political scientist Robert Putnam (Baron, et al. 2008) who defined social capital as the *"…features of social organizations, such as trust, norms, and network, that improve the efficiency of society by facilitating coordinated action"* (Putnam, 1993). This description has three main elements: the *basis* for social capital (trust and norms), what social capital *can do* (improve the efficiency of society by facilitating coordinated actions), and where social capital *resides* (social organizations). In Putnam's work, social capital evolves from being a feature of individual actors (Bourdieu, 1985) and communities (Coleman, 1980) to a feature of larger populations such as regions or nations (Putnam, 2000). The work of Putnam (2000) helped social capital gain notoriety in fields such politics and public policy (Baron, 2004; Everingham, 2003; Gamarnikow and Green, 1999), becoming a useful analytical tool to understand why certain groups or communities perform better than others.

Integrating the previous conceptualizations and facets of the construct, Nahapiet and Ghoshal (1998) defined social capital as "the sum of the *actual and potential resources* embedded within, available through, and derived from the *network* of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be *mobilized* through that network". This definition guides the rest of the article because it encompasses the core concepts introduced in the previous definitions. Placing focus on the characteristic that social capital provides access to potential resources, or resources *in the making* that have

potential value if and until they are used by the actors. For example, the role of social capital can be seen in service cooperatives from the tourism industry in developing countries. In this context, actors opt to work together, establishing a cooperative organization that allows the sharing of tangible and intangible resources among the members (such as money, infrastructure, or knowledge). By choosing to work as a cooperative, actors gain access to valuable resources (economic or otherwise) through their network of relationships with other cooperative members.

4.3.2.2 Describing Bonding, Bridging, and Linking Social Capital at Three Levels of Analysis

According to sociologists, social capital can be found at different hierarchical levels of society (Membiela-Pollán and Pena-Lopez, 2017). That is, in literature social capital has been conceptualized at an individualistic (or micro) perspective (Bourdieu, 1986; Portes, 1998; Lin, 2001), a communitarian (or meso) perspective (Coleman, 1988; Uphoff, 2000), or a macro-institutional (or macro-social) perspective (Putnam, 1993; Knack and Keefer, 1997). For the purpose of this article, we argue that it is important to consider the three levels of analysis, for each level has different implications and can produce different outcomes on the service exchange. Thus, we use Halpern's (2005) classification of social capital at the micro (individual), meso (group), and macro (institutional) levels. Which additionally aligns with the three levels of analysis of BoP service ecosystems.

First, research at the micro level is focused on an *individual actor* that is connected to others in networks of relations. At this level social capital refers to the resources that the actor obtains through their network of relations (Membiela-Pollan, M. and A. Pena-Lopez, 2017). Second, research at the meso level is focused on a *group or network of actors* (e.g., a business or a non-profit organization). At this level, social capital refers to the set of attributes and properties of the group's social structure

(e.g., shared norms and values) that allow the sharing of resources within the group or between other groups (Coleman,1988). Third, research at the macro level focuses on *a community* (e.g., country or region) and it conceptualizes social capital as a "macro-social and institutional resource" that rests on aspects such as civic mindedness, generalized trust, and social cohesion, which allow the sharing of resources within the community. These aspects favor the economic and social performance of the economy and society, in general and are deeply rooted in history and culture, and evolve slowly over time (Putnam, 1993; Inglehart, 1997; Knack and Keefer, 1997). At the macro level, social capital is owned by the collective and available to all (Membiela-Pollan and Pena-Lopez, 2017).

Across these three levels, researchers have classified social capital in three types according to its function: bonding, bridging, and linking social capital (Halpern, 2005; Putnam, 2000; Szreter and Woolcock, 2004). Thus, the three can be conceptualized at the three levels of analysis, which is explained in detail below. First, **bonding social capital** refers to the strong ties that create a trusting and cooperative relationship between people that have a shared sense of identity, such as having a similar sociodemographic background or belonging to the same family, being close friends, or same ethnicity (Szreter and Woolcock, 2004). Thick trust is developed with this type of social capital, which refers to the multiple dense networks with strong ties that manifest as informal collaboration and long-term reciprocity (Szretzer and Woolcock, 2004). For instance, bonding social capital can exist between family members, school classmates, or neighbors. Given the characteristics and conditions of life at the BoP, the thick trust that arises from bonding social capital can become a social protection. Thus, bonding social capital at the BoP is useful for *getting by* (Putnam, 2000). At the micro-level of analysis bonding social capital refers to individual resources that an actor can obtain through his or her relationships with others that have a similar background to him or her share a common sense of identity (e.g., ethnicity). For example, actors can obtain resources through close neighbors, family, or members of the same religious group. At the meso-level, bonding social capital refers to shared resources available within or between groups of actors that

have a common sense of identity. For example, there can be generalized trust between the members of the same religious community. At the macro-level, bonding social capital focuses on cultural and institutional attributes of a community that enable the sharing of resources within its members. Communities that have high degrees of participation in voluntary associations, for example, can have generalized trust and cooperation among all the citizens (Putnam, 1993).

Second, **bridging social capital** refers to the resources that can be obtained through social relations that stretch beyond a common sense of identity. That is, resources shared between people that have different socio-demographic or cultural backgrounds. For example, actors could share important information with a distant acquaintance or friend of a friend. These types of relationships consist of separated dense networks with weaker ties, formalized collaboration, and thinner trust (Klerkx and Proctor, 2013). This type of social capital can be beneficial in terms of the social and economic development of a society, as a whole (World Bank, 2001). Consequently, Putnam (2000) states that bridging social capital is very useful for *getting ahead*. At the micro-level of analysis bridging social capital refers to the resources that an individual actor can obtain through their network of relations with actors that have different socio-demographic backgrounds. For example, an actor that obtains a second-hand product through a distant acquaintance. Meso-level bridging social capital focuses on the set of network attributes that allow them to share resources with a group or network of actors that are different from them. For example, two different non-profit organizations that don't work in the same community share their experiences of working in their respective contexts. Finally, macro-level bridging social capital refer to the institutional characteristics of a community that allow the sharing of collective resources with different communities. For example, this type of social capital can exist between neighboring countries that share trade agreements that facilitate their commercial relationship.

Third, **linking social capital** was introduced in recent years and it describes the nature and extent of vertical ties between a group of people that has access to

resources and power, with others who do not (Szreter and Woolcock, 2004). Linking social capital relies on norms of respect and networks of trusting relationships between people whose interactions occur across explicit, formal, or institutionalized power or authority gradients in society (Klerkx and Proctor, 2013; Szreter and Woolcock, 2004). This type of social capital has been found to be critical to leverage resources and *get things done* (Szreter and Woolcock, 2004). At the micro-level, linking social capital refers to resources that an individual actor can obtain through a relationship with another who has a different social position that provides them more influence or power. For example, a BoP entrepreneur can obtain access to resources through a relationship with a member of the local government. Meso-level linking social capital refers to the network characteristics that allow a group of actors to share resources with other networks or organizations across different levels of power or influence. For example, a large international non-profit organization connecting with a small BoP venture to help them scale up. Macro-level linking social capital refers to the institutional characteristics that allow collective resources to be shared between nations that are connected through a third-party organization. For example, the members of an international organization such as OECD sharing to their members necessary resources that help their development or help in case of a crisis.

Table 4.2 summarizes the three types of social capital at the micro, meso, and macro level of analysis.

Table 4.2 Bonding, Bridging, and Linking Social Capital at Three Levels of Analysis

	Social Capital Types		
Social Capital Level of Analysis	**Bonding Social Capital**	**Bridging Social Capital**	**Linking Social Capital**
Micro Level Zooms-in at individual actor; focus is on the actor's network of relations.	Individual resources derived from an actor´s connection to others with a shared sense of identity.	Individual resources derived from an actor's connection to others with different social or demographic characteristics.	Individual resources derived from an actor's connection with others with more power or influence.
Meso Level Zooms-out to a group or network of actors; focus is on attributes and properties of the group's social structure.	Shared resources within a group or organization of actors that have a shared sense of identity.	Shared resources between different groups or organizations.	Shared resources between groups or organizations across social strata.
Macro Level Zooms-out to a community; focus on institutions.	Collective public resources shared within a community or nation of actors with a shared sense of identity.	Collective public resources shared between different communities or nations.	Collective public resources shared between communities or nations across social strata through a third party.

Source: Halpern, 2005.

All in all, the three levels of analysis and the three types of social capital represent the theoretical perspectives and the facets of the concept that coexist within social capital literature (Halpern, 2005; Membiela-Pollan and Pena-Lopez, 2017; Putnam, 2000; Szreter and Woolcock, 2004). Each of these captures a portion of the concept and together they show that different types of social bonds (e.g., between similar actors, between different actors, and across vertical ties) have different benefits for actors that impact on different levels of social life (e.g., individual, group, and community levels) (Membiela-Pollan and Pena-Lopez, 2017). Furthermore, the three levels and three types of social capital do not exist in isolation, rather they are interconnected and affect one another. Additionally, these three levels of analysis have functional equivalence (Halpern, 2005). That is, declining social capital on one level can be compensated with an increase of social capital on another level. For example, if actors in a community have weaker ties to their family (declining micro-

level social capital), it could be offset by an increase in participation in community organizations (increasing meso-level social capital) or more fervent nationalism (increasing macro-level social capital).

This aim of this conceptual article is to introduce the key concepts of social capital to the BoP service ecosystems framework. Thus, the article contributes to the further development and expansion of the framework by zooming in on the social ties that connect all ecosystem actors together. All in all, social capital shows that there is value inherent to social relations and that there are different types of relationships that influence service at the BoP in particular ways. The section below further discusses this by connecting conceptually each of the three types of social capital (bonding, bridging, and linking) to each of the three levels of the BoP service ecosystems framework (micro, meso, and macro).

4.4. Integrating Social Capital to the BoP Service Ecosystems Framework

As stated before in the article, one of the main advantages of using the service ecosystems framework for the BoP is that it recognizes that service occurs within a network environment composed by multiple interacting actors who are influenced by the elements of their meso and macro context, something that has been discussed before in service research (Akaka, Vargo, & Lusch, 2013; Valdés, et al., 2021). Furthermore, the BoP service ecosystems framework could benefit from increasing the visibility and understanding of social dynamics and their influence on the actors' capacity to engage in value co-creation. That is, currently the framework connects all ecosystem actors together, but doesn't help understand *how* they connect and what *drives* their cooperation. For example, the framework can map all actors that interact with each other, playing different social roles and integrating resources for the service exchange. Additionally, it contextualizes the exchange to a meso and

macro environment that is characterized by resource scarcity and weak formal institutions that make engaging in service more difficult and expensive (Ben Letaifa & Reynoso, 2015; Valdés, et al., 2021). Yet, the current framework lacks visibility into what is driving actors to connect and share their scarce resources with one another. Particularly, since they are embedded into such a difficult context.

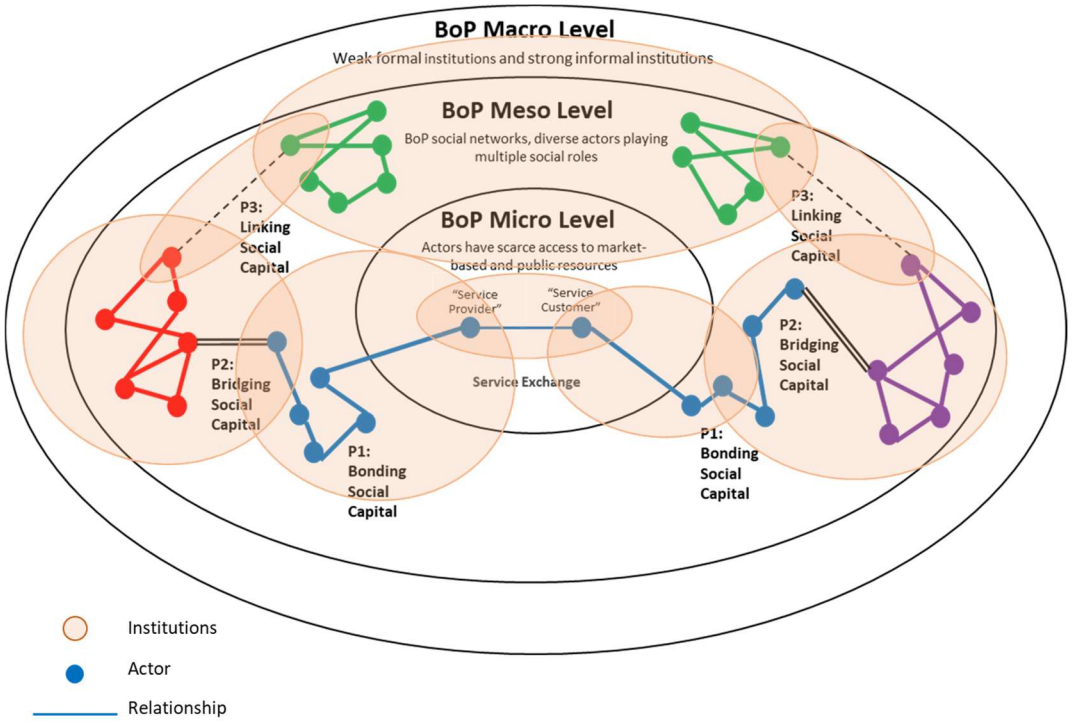
Thus, the main purpose of this article is to reduce this knowledge gap and focuses on understanding the social ties that connect BoP service ecosystems actors together. To do so, we employ a sociological perspective and introduce the key concepts of social capital to the framework. These concepts help show different types of relationships that might exist in the ecosystem and provide access to resources that enable actor cooperation. Thus, showing that social ties and social capital are the glue that connects all actors together in the ecosystem and their presence and strength facilitates cooperation and resource integration in this context.

Figure 4.2 illustrates the article's main theoretical contribution, which is to expand the BoP service ecosystems framework by introducing bonding, bridging, and linking social capital at the micro, meso and macro level of the framework. In comparison to previous versions of the framework, this figure shows that social capital is the glue connecting all ecosystem actors together. Thus, it illustrates that the structure of the ecosystem itself is shaped by social capital. Furthermore, the figure shows that different types of social bonds (e.g., between similar actors, between different actors, and across vertical ties) have different benefits for actors which impact on different levels of social life (e.g., individual, group, and community levels) (Membiela-Pollan and Pena-Lopez, 2017). Illustrating that the three types of social capital are multilevel and do not exist in isolation, rather they are interconnected and are constantly affecting one another. In the figure, bonding social capital in represented in the single lines that connect same-colored actors (e.g., blue, green, or purple),

bridging social capital in the double lines connecting actors that belong to different social groups (red and blue), and linking social capital in the black dotted line that connects purple and red-colored actors with green-colored actors that represent actors in higher positions of power. The yellow spheres that encircle actors across the ecosystem represent institutions. Actors that are shown with the same color represent those that share a sense of identity or have similar sociodemographic characteristics.

The section below presents the three propositions for the role of bonding, bridging, and linking social capital in the BoP service ecosystems framework. Each proposition describes the dynamics between actors and the value of different types of relationships. First, bonding social capital connects actors to others who share a sense of identity and enable them access to resources that help them “get by”. Second, bridging social capital connects actors to others that are not like them and provide them access to resources that help them “get ahead”. Third, linking social capital connects actors to others across explicit, formal, or institutionalized power or authority gradients in society, and provide them access to resources that help them “get by”. These propositions show that different types of relationships play different and important roles that enable service at the BoP context.

Figure 4.2 – Integrating Bonding, Bridging, and Linking Social Capital to the BoP Service Ecosystems Framework



Adapted from: Lusch and Vargo, 2011; Valdés, et al., 2021

4.4.1 Bonding Social Capital in BoP Service Ecosystems

One of the main characteristics of the BoP context is resource scarcity (Valdés, et al., 2021). That is, people at the BoP lack access to basic public and market resources such as sanitation services, affordable healthcare, and reliable transportation. These conditions make it difficult for actors to engage in BoP service ecosystems, since the essence of the service exchange and value co-creation is the integration of resources among the actors (Rivera-Santos & Rufin, 2010; Vargo & Lusch, 2011). BoP research has found that to survive in this context actors require the help of others. They share their resources that allows them the possibility of engaging in the service exchange and in economic activity, in general. For example, personal loans obtained through family or friends are prevalent at the BoP because people lack access to formal banks. These loans enable the survival of the small informal businesses that prevail in this context. Thus, an actor's capacity to develop and maintain good relationships with others that live in similar circumstances enables them the capacity to survive in this resource scarce environment (Rivera-Santos & Rufin, 2010).

Introducing the concept of bonding social capital helps understand the drivers of cooperation and the sharing of resources between the actors at the BoP context (Putnam, 1983). For instance, this concept argues that a close bond develops between those that share a common identity or have similar socio-demographic characteristics which drives their willingness to share resources with one other, compared to those who seem different from them. This bonding social capital motivates actors to share tangible and intangible resources with each other, developing information flows that become a strong channel of communication. That is, they share and cooperate with "people like me" who are "in it together". For example, people that live in the same village and have daily interactions over time develop a common identity and a sense of belonging to the community. This, in turn, supports the development of bonding social capital, which drives their willingness to

share resources and information with other community members, compared to sharing with someone that is not part of the community. Thus, developing and maintaining bonding social capital between actors in BoP service ecosystems enables access to tangible and intangible resources that compensate for the lack of resources or lack of institutional support. These social resources help the ecosystem "get by" or survive (Putnam, 1983).

Bonding social capital can be viewed in the three levels of the BoP service ecosystems framework: micro, meso, and macro. First, bonding social capital at the micro level illustrates that by building and maintaining strong social relationships with other that are similar, individual actors can gain access to resources that allow them to survive and thrive in this context. For example, a small restaurant owner can promote their business with their neighbors who trust him and recommend the restaurant to their friends. Second, at the meso level bonding social capital shows how the structural characteristics of a group enables group members access to shared resources or information within the organization or by connection with organizations that are similar. For example, when two small businesses belonging to the same BoP community make an agreement to cross-promote each other's business with their customers. Third, the macro level zooms further out to the institutions and institutional arrangements that influence the service exchange Bonding social capital in this level shows that communities whose institutions and institutional arrangements favor a shared sense of identity, enable their members access to collective or public resources. For example, Putnam (1993) found that a critical factor explaining a regions' economic performance is having strong civic associations who instill in their members a habit of cooperation and solidarity among them (Beugelsdijk, 2009).

The case of the Tabiro Ladies' embroidery club helps illustrates the role of bonding social capital in BoP service ecosystems (Dol and Odame, 2013). This embroidery and handicraft cooperative is based in the Tabiro Village, in the Mpigi District of Uganda. In this context, women have limited access to capital, land ownership, or

opportunities to learn technical skills that could enable their entry to a formal economy. Thus, to increase their access to resources, they developed an informal cooperative organization that allows them to work together, interacting closely. By becoming members of the cooperative, the women develop a close relationship with other women that come from a similar background and have similar lives. This helps build a strong friendship that develops bonding social capital, which is manifested in increasing resource flows shared among the women. For example, they teach other members their embroidery and handicraft skills and learn from each other, which allows them to create more and better embroidery than they could have individually.

Thus, we propose the following:

Proposition 1: *Bonding social capital* in BoP service ecosystems connects actors with a shared sense of identity and drives them to share resources and information with each other, helping them “get by”.

4.4.2 Bridging Social Capital in BoP Service Ecosystems

People living at the BoP context face strong social barriers that limit their opportunities to obtain formal education which provides access to the academic and technical skills that are associated with high incomes, job success, and consequently well-being (Malik, 2014). To compensate for this limitation, actors at the BoP continuously engage with others that have different resources or knowledge, collaborating with each other and playing multiple social roles that enables participation in the service ecosystem (Reficco and Marquez, 2012; Rivera-Santos and Rufin, 2010; Valdés, et al., 2021). However, collaboration at the BoP between actors of different backgrounds can be very challenging because it requires cooperation between those who might have different goals, customs, values, language, or beliefs. Additionally, the BoP context is characterized by a lack of protection of law and contracts, making trust and collaboration between people of different backgrounds particularly complex (Rivera-Santos & Rufin, 2010).

Given this situation, we introduce the concept of bridging social capital which illustrates that there is a value to relationships that connect actors that don't share a similar identity or are "not alike" in a sociodemographic or socioeconomic sense (Putnam, 2000). It describes the loose ties that exist between social groups with different characteristics such as race or religion (Granovetter, 1973). These ties connect actors that otherwise wouldn't interact, facilitating their ability to work together (Woolcock and Naranyan, 2000). Thus, enabling a connection between extra-community networks and heterogeneous groups of people that increase the diversity of resources that are available to the network that can help actors "get ahead" by overcoming the limitations of formal skills or knowledge (Granovetter, 1973; Putnam, 2000). Within the context of BoP service ecosystems bridging social capital drives trust and reciprocity between ecosystem actors that have different identities or sociodemographic backgrounds, enabling access to different and varied resources that help them "get ahead" (Putnam, 2000). For example, between actors

that belong to different religions or different generations. Trust refers to the expectation of another actor's future behavior and can also be defined as the benefits it provides to companies and other organizations, such as cohesion, reliability, and social order (Coleman, 1990; Dawes, 1980; Shapiro, 1987). Reciprocity inspires actions of mutual aid and collective actions that can facilitate resource integration. Such actions are driven and directed by information and opportunity, so actions of reciprocity occur to the extent that the actors have reliable, relatable information.

For example, in describing grassroots entrepreneurs in Pakistan, Arif (2013) noted that they formed a cluster to raise their product quality and strengthen their marketing. The group activities organized by the cluster helped develop relationships between members of the groups that have very different backgrounds. For instance, some entrepreneurs had more education, experience, or wider business networks than others. Thus, participating in the group's activities helped increased the level of trust and cooperation among them. Resulting in a natural transfer of knowledge and cooperation between the members that had higher education and experience with others more inexperienced. This improved the members' overall success and wellbeing. Thus, this group developed bridging social capital that enabled trust and collaboration between people that have very different backgrounds.

Bridging social capital can also be conceptualized in the three levels of the BoP service ecosystems framework: micro, meso, and macro. First, the micro level zooms-in at an individual actor within the dyadic interaction of the service exchange. At this level, bridging social capital can be viewed in the benefits that an individual actor can obtain through their connections with other actors that are different from them. For example, a person that is willing to share important information about the industry with an acquaintance or friend of a friend that can also provide important information. Second, bridging social capital at the network level can be seen in an organization's capacity to connect with other organizations that are different from them. For example, when a non-BoP organization agrees to engage in service with

a small BoP business that was recommended by a third-party. Third, bridging social capital at the macro level can be found in the institutional conditions that allow collective public resources of one community to be shared with members of a different community.

Thus, we propose the following:

Proposition 2: *Bridging social capital* in BoP service ecosystems connects actors that do not have a shared sense of identity and drives them to trust and engage in actions of reciprocity, which help them “get ahead”.

4.4.3 Linking Social Capital in BoP Service Ecosystems

The weakness of formal institutions is a main characteristic of the BoP context, which negatively impacts the economic process of organizations and the community by increasing the transaction costs of economic activity. As a result, alternative mechanisms arise in stronger informal institutions (Rivera-Santos, et al., 2012; Valdés, et al., 2021). For example, in a non-BoP context, the legal framework develops the binding rules that regulate individual and collective social behavior. Therefore, customer-provider relationships are regulated by local laws and binding contracts. Given the weakness of formal institutions at the BoP, safety is enacted through self-enforced mechanisms of obligation such as unwritten socially shared rules that are created, communicated, and enforced outside of officially sanctioned channels (De Soysa and Jutting, 2007; North, 1997). Furthermore, since actors cannot rely on formal institutions, they seek to develop social ties with other actors that have greater positions of power. Those who can help leverage resources and enact change in the local community. The more they bond with actors that have greater power and resources, the better they will be positioned to take advantage of any opportunities and the greater the possibility of making their voices heard (Coleman, 1988; Naranyan, 2000; Szreter and Woolcok, 2004). For example, the social connection between an individual member of a BoP community and an international non-profit organization such as the Red Cross, can help bring more health assistance to the actor's local community.

However, given the institutional complexity of the BoP context, building and maintaining collaborative relationships between actors in different positions of power can be very challenging. To further clarify this, we introduce the concept of linking social capital. This type of social capital can be found in the social ties that connect actors across vertical relationships (Woolcock and Naranyan, 2000). It enables binding rules that regulate individual and collective social behavior among the connected actors. Because these binding rules are not manifested in a legal code,

they do not rely on the strength of formal institutions of the context and they provide the norms and rules that constitute the rules of the game and governs relationships among the actors in the ecosystem (Aldrich, 2012; Granovetter, 1985; Szreter and Woolcock, 2004). Thus, we argue that linking social capital can be the driver of collaboration between actors that are positioned in different social strata. Furthermore, this type of social capital can provide actors with the power to enact change and “get things done” (Woolcock and Naranyan, 2000).

Linking social capital can also be conceptualized at the three levels of the BoP service ecosystems framework. At the micro level it can be found on the resources that an individual actor can obtain by connecting with another that has a higher social or economic position. Thus, this individual can obtain access to resources that were otherwise unavailable. At the meso level, linking social capital can be found in the relationship developed between networks or groups of actors that connect across formal or informal social gradients, sharing access to group resources between members. For example, when an international non-profit organization agrees to help a small BoP embroidery business by promoting their products a funding event, enabling them access to a new potential consumer segment. At the macro level, linking social capital illustrates the collective resources that can be shared between communities that have different levels of social or economic power directly or through intergovernmental organizations.

In this context, when an international NGO (e.g., UN) helps sign an international agreement that would provide the members access to resources that can help their economic development. Thus, the main benefit of this type of social capital is that it enables the access to resources from actors in higher positions of power, which in turn gives actors at the BoP a better opportunity to enact change and “get things done” (Coleman, 1988; Putnam, 2000).

Thus, we propose the following:

Proposition 3: *Linking social capital* in BoP service ecosystems connects actors across power or authority gradients in society, drives them to enact change and helps them "get things done".

Table 4.3 below summarizes the key concepts of this conceptual article. The table represents how the key concepts of social capital (bonding, bridging, and linking) connect at each of the three levels of the BoP service ecosystem (micro, meso, and macro level). The contents of the table summarize the three propositions by describing briefly how each type of social capital can be present in each level of the ecosystem.

Table 4.3 – Describing the Key Concepts of Social Capital in BoP Service Ecosystems

	(P1) Bonding Social Capital	**(P2) Bridging Social Capital**	**(P3) Linking Social Capital**
BoP Service Ecosystem at the Micro Level	Individual resources obtained from actors with a shared sense of identity	Individual resources obtained from actors that do not have a shared sense of identity.	Individual resources obtained from actors across power or authority gradients.
BoP Service Ecosystem at the Meso Level	Intra-network resources shared between actors with similar sense of identity	Inter-network resources shared between actors that do not have a shared sense of identity.	Inter-network resources shared between actors across power or authority gradients.
BoP Service Ecosystem at the Macro Level	Collective resources shared between members of the same community.	Collective resources shared between different communities.	Collective resources shared through third-party intergovernmental organizations.

4.5. Final Discussion and Future Research

4.5.1 – Aim, Contributions, and Implications

The BoP setting presents a particular set of challenges for the service exchange and value co-creation. For instance, there is a generalized lack of well-defined property

rights, unreliable resources, weak capital and labor markets, and inadequate communication and transportation infrastructures, among others (Gebauer & Reynoso, 2013; Webb, et al., 2010). Since researchers have only recently began exploring service in this context, there is still a fundamental lack of service research that addresses this large segment of society (Reynoso, 2008; Fisk, et al., 2016). Additionally, research concepts and frameworks developed in a traditional non-BoP context must be tested and explored at the BoP because the frameworks generated in developed contexts don't necessarily in this context in the same way (Gebauer & Reynoso, 2013; Reynoso, et al., 2015; Valdés, et al., 2021). Moreover, most frameworks and concepts in service research originate from developed Anglo-Saxon countries and are centered on the service concerns of customers that live in affluent societies. Thus, these are not able to provide an understanding of how service can manage or overcome the difficulties and complexities of the BoP context. Therefore, we need more service research developed for and with the BoP in order to gain a full understanding of how to address the service needs of people living in poverty and contribute to advance their economic development and wellbeing (Fisk, et al., 2016; Reynoso, et al., 2015; Valdés, et al., 2021).

Following this line, Ben Letaifa & Reynoso (2015) presented an conceptualization of a service ecosystems framework adapted to the characteristics of the BoP context. Yet, this framework still has limited visibility onto *how* and *why* ecosystem actors interact and cooperate with each other, as well as the influence of their social context (Edvardsson, et al., 2011; Wilden, et al., 2017). The aim of this conceptual article is to help reduce this knowledge gap by introducing to the framework the key concepts of social capital. By doing so, the article finds that social capital provides the structure of the ecosystem and represents the glue that connects all ecosystem actors together. Social capital drives the collaboration of different types of actors who might not collaborate otherwise, providing the ability to engage in resource integration and value co-creation at the BoP. All in all, social capital refers to the set of available resources inherent to social ties and social structures. It represents resources that

are available to actors through their relationships and through the attitudes, norms, and values that underlie them (Nahapiet and Ghoshal, 1998).

By integrating social capital to the BoP service ecosystems framework, this article presents three insights into social dynamics in service at the BoP. First, **through their social ties, actors in the ecosystem gain access to tangible and intangible resources that are not easily available at the BoP, which enable their participation in the service exchange**. For example, through social capital actors can share with one another important information and otherwise unavailable knowledge or tangible resources that enable or facilitate their participation in the service exchange and economic activity. Additionally, gaining access to these resources can help get access to other types of capital. For example, financial capital in the form of a person or group's income; human capital in the form of increased knowledge or education; cultural capital in the form of cultural knowledge and abilities; and physical capital in the form of other material goods (Bassani, 2007; Mair and Marti, 2009; Nahapiet and Ghoshal, 1998; Rivera-Santos, et al., 2012).

Second, **social capital helps connect actors to each other since its presence facilitates joint activities, trust, and cooperation regardless of the difficult conditions of the BoP context**. As such, social capital can be conceptualized as the glue of the BoP service ecosystem, providing a structure as well as the necessary ingredients to connect actors to each other and enable resource integration and value co-creation. Yet, some authors have found that there is a dark side to social capital. The same characteristics that enable social capital's benefits could also potentially cause negative effects on the ecosystem. These negative effects were first found by Portes and Landolt (1996) but have since become a common topic in SCT literature. For instance, some have argued that excessive social capital can foster decreasing economic performance, could become a barrier to social inclusion, could facilitate criminal activity, and drive damaging behavior (Aldridge, et al., 2002).

Third, **social capital emphasizes that actors can mitigate the insidious effects of socioeconomic disadvantage by developing and maintaining social relationships**. As such, social capital can have a transformative capability that refers to the access to new resources as well as the impact on the resourcefulness of other available resources. This is particularly relevant for BoP communities where, as discussed before, social ties and relations can compensate for the lack and dispersion of resources. Thus, where social networks flourish, individuals, firms, neighborhoods, and nations can prosper economically.

In summary, by integrating the key concepts of social capital to the framework this article sheds light into the value of social relations in BoP service ecosystems. This has several implications for service managers and organizations at the BoP. First, given the complexity of this context and the intrinsic value of social relationships, organizations must develop and maintain social relationships with multiple actors of the local community to strengthen the service ecosystem. These relationships will facilitate the development of social capital which will enable access to resources, facilitates cooperation, and all in all help mitigate the insidious effects of the BoP context and of socioeconomic disadvantage.

Second, by developing strong social relationships at the BoP organizations will gain access to in-depth knowledge about the local characteristics, needs, capacities, and motivations of the local community. To do so, organizations must have a bottom-up approach to the BoP and be open-minded to even challenge their own business assumptions. Because assumptions generated in non-BoP context do not necessarily apply in this context in the same way. This implies a continues challenging of the perception of people living in poverty. Evolving from being considered as passive recipients of charity, to a being seen as an interesting and different segment which can be a source of innovation and service knowledge through partnership.

4.5.3 – Limitations and Future Research

One of the main limitations of this article is that is focuses exclusively on BoP ecosystems. But there might be other research opportunities beyond this context that could focus on further exploring the different manifestations, mechanisms, and impact of social capital in other service contexts. For example, research that explores the role of social capital in failed service ecosystems. According to the findings of this article, we could assume that a lack of social capital increases the likelihood of ecosystem failure. Yet, we believe that more research is needed to further understand whether the absence of social capital restricts value co-creation or if in its absence other mechanisms arise.

Another area for research is the role of social capital in virtual ecosystems, that is among actors that engage in service but lack physical proximity. For example, previous research has found that virtual communities produce social capital that allow them share knowledge, information, and experience, supporting organizational learning (Hajli and Hajli, 2013). But if this virtual network obstructs the development of social connection, this will impede resource integration and collaboration among the actors, blocking their access to the service exchange. What conditions are required to enable interactions among unknown actors to generate social capital, especially in virtual settings? Further research is necessary to understand the characteristics that these virtual communities must have to allow actors to develop and employ their social capital, enabling value co-creation.

The above insights open different future research avenues, by studying the different roles of bonding, bridging, and linking social capital at different levels of analysis in BoP service ecosystems and their impact on the service exchange. First, in relation to individual actors (micro level), researchers could explore issues on getting access to resources obtained through close connections either with other actors that share same identity, with other actors who are not like them, and with those in power or

authority positions in society. And its influence, positive or negative, on the BoP service ecosystem. Second, about groups or networks (meso level), studies are needed on research topics related to intra-network resources, inter-network resources, and power groups enabling or hindering the BoP service ecosystem. Third, in relation to communities (macro level), scholars could develop studies on getting access to collective resources within the local community, resources obtained through other communities, and collective resources accessed through intergovernmental organizations. All in all, the combination of three levels of analysis with the three ways of connecting actors for getting access to limited, scarce resources at the BoP service ecosystem, provide a useful platform to increase our understanding of the drivers and manifestations of social capital in service at the BoP, and to understand how social conditions influence the capacity to survive and thrive in this complex context.

5. Contributions, Implications, and Future Work

5.1 Contributions

Currently, there is still a fundamental lack of service research developed for and with the BoP context. To help reduce this knowledge gap, the main purpose of this dissertation is to extend the scope of service research towards the BoP context and show that the BoP is a challenging but interesting segment that provides the opportunity to help solve this global problem while also challenging our current assumptions and frameworks. As was stated before, this context is very different from the developed countries and affluent segments in which most research has been conducted. Furthermore, service concepts and frameworks that have been developed in other segments of society might not apply in this context in the same way (Gebauer & Reynoso, 2013). Thus, there is a need to develop research with and for this large segment of society. The overall contribution of the dissertation is threefold. First, to propose new BoP service research streams that extend the reach of service research towards the BoP context. Thus, motivating further research that aims to learn from and with the poor to help them obtain better service from each other, their communities, corporations, governments, and nongovernmental organizations. Second, to propose a framework that helps understand the complexity of engaging in service at the BoP. That sheds light into the key elements influencing service in this context. Third, to zoom in on the social dynamics at the BoP and propose that there is great value in social relations, since they provide actors access to important and scarce resources that enable the service exchange. The section below delves deeper into each of these three contributions.

First, **the dissertation introduces five new BoP service research streams that extend the focus of Service Research beyond the conventional setting into a context in which current assumptions and frameworks might not apply in the same way.** First, *socially inclusive service innovation and sustainable development.*

Second, *cocreation of service experiences in low-income markets*. Third, *service design in social entrepreneurship*. Fourth, *transformative services for poverty alleviation*. Fifth*, BoP networks in service ecosystems.* Furthermore, the dissertation found that service research at the BoP can contribute towards issues related to entrepreneurship, poverty alleviation, and sustainable development. Additionally, service research related to innovation, networks, and consumption in low-income markets can contribute to further understand how to develop services that address the needs of people living in poverty.

Second, **the dissertation found that the BoP service ecosystems framework can help further explore service in this context by providing four key benefits for service researchers.** First, it helps solve sustainability and scalability challenges given its wider scope, which maps all socioeconomic actors that share their resources and capabilities, contributing to the service exchange. Second, it provides a systemic and dynamic vision of the socioeconomic exchanges that occur between multiple actors. Acknowledging that service occurs within a network environment, which sociologists and other marketing scholars have discussed for some time. Third, it broadens the focus beyond a dyadic view of customer and service provider to a wider network view that allows the inclusion of multiple actors that interact indirectly in the service exchange and play influential roles. Fourth, it suggests that value creation at the BoP should be framed in terms of a network of actors rather than a single actor, thereby drawing attention to the multiple levels of interaction as well as the role of institutions as drivers of value co-creation. Thus, providing a systemic view that shows how all actors coordinate and integrate resources with the purpose of creating value for themselves and others. This is highly relevant in attempting to grasp the various socioeconomic processes that influence VCC in multiple levels of aggregation (e.g., micro, meso, macro).

Third, **the dissertation sheds light into the value of social ties in BoP service ecosystems**. This is particularly relevant for BoP communities where social ties and relations can compensate for the lack and dispersion of resources. Thus, suggesting

that where social networks flourish, individuals, firms, neighborhoods, and nations can prosper economically. By adopting the concepts of bonding, bridging, and linking social capital, the dissertation presents three insights into the social dynamics in BoP service ecosystems. First, *through their social ties, actors in the BoP ecosystem gain access to tangible and intangible resources that are not easily available in their context, which enable their participation in the service exchange*. For instance, social capital allows actors to share important information and knowledge, tangible resources, trust, reciprocity, and rules of engagement that facilitate cooperation and make the service exchange possible. Second, *social capital helps connect actors to each other since its presence facilitates joint activities, trust, and cooperation regardless of the difficult conditions of the BoP context*. As such, social capital can be conceptualized as the glue of the BoP service ecosystem, providing a structure as well as the necessary ingredients to connect actors to each other and enable resource integration and value co-creation. Third, *social capital emphasizes that actors can mitigate the insidious effects of socioeconomic disadvantage by developing and maintaining social relationships*. As such, social capital can have a transformative capability that refers to the access to new resources as well as the impact on the resourcefulness of other available resources.

5.2 Implications

Throughout the three articles that comprise this dissertation we found that the BoP context presents unique characteristics and challenges to service organizations and to help clarify this issue, we presented research avenues, theoretical frameworks, and concepts that shed light into the context's particularities. Aiming to increase the understanding of how to help them obtain better service from themselves and others. Our research findings not only have theoretical contributions to service research, but also managerial implications for service organizations at the BoP, as well as for policy makers. The section below describes four of these implications.

First, the dissertation proposes that actors at the BoP have different needs and capabilities, compared to those outside this complex context. Thus, our research

suggests that organizations that seek to successfully engage in value co-creation in this context must first gain a thorough understanding of the particularities of this context, to adapt and survive. For instance, organizations that enter the BoP must first attempt at a full understanding of the type of resources are completely unavailable and which are scarce but can be obtained. To do so, we argue for a bottom-up approach in which managers enter this context with an open mind, seeking to connect with those that might provide them with key information and resources. Our research also suggests that organizations that venture into the BoP must seek to develop strong social relationships with different types of local actors.

Second, the BoP service ecosystems framework shows that organizations at the BoP must conceptualize the service exchange goes beyond the direct customer and service provider. Thus, we argue that service organizations and managers must have visibility on the extended actor network to fully grasp the potential positive or negative impacts that the service exchange can have on the local community. This wider perspective can help understand the service's potential for success and survival in this context.

Third, the wider scope provided by the ecosystems framework is not only important for service managers at the BoP but also for policy makers who seek to develop sustainable solutions to poverty alleviation. The ecosystems perspective opens-up the scope of visibility regarding the impact of the initiatives as well as the capacity for its sustainable development given the characteristics of the micro, meso, and macro context. Thus, adopting this framework can help generate solutions that solve today's needs without compromising the ability of future generations to attend their own needs.

Fourth, the findings of this dissertation imply that social relations at the BoP, through social capital, play an important role in this difficult context. Because they help obtain access to scarce and important resources that enable their participation in the service exchange. Yet, we also found that there are different types of social capital that have varying impact on the ecosystem: bonding, bridging, and linking social capital. Although the three types of social capital can have positive impact on the service exchange, previous research has found that bridging and linking social

capital are the two types most associated with economic development. Thus, we argue that policy makers should help BoP communities develop these types of social capital. To do so, they can implement actions such as favoring the development of civic associations or groups that strengthen the community's bonds, but also actions such as developing decent and affordable housing which helps develop the people's sense of connectedness, which can help strengthen the people's roots and sense of community.

5.3 Limitations and Future Research

The main limitation of the three articles presented in this dissertation is their limited focus on the BoP context. On the one hand, this is good because it sheds light into a context that generally has not been fully explored. On the other, this limits our scope and there might be other contexts which also require service research and managers to implement different approaches and perspectives from traditional setting. Thus, we propose that further service research should explore other unique service contexts that might be different from the traditional context and might challenge our current assumptions and frameworks.

In this dissertation we have presented several avenues for new BoP service research. All of these represent interesting contexts that ought to be further explored and can also increase our understanding of how people at the BoP can get better service from each other, their communities, corporations, governments, and nongovernmental organizations. For instance, the first article presented five new BoP service research streams. But these research streams represent just a fraction among the infinite possibilities for conducting further service research in this context. Thus, I suggest further converging the BoP service research streams with other un-related areas or disciplines that provide new perspectives and methodologies for further insights into service at the BoP.

Moreover, one of the key assumptions of the BoP approach to poverty alleviation is that bringing business to the BoP can develop mutual value creation and provides multiple benefits for all involved actors. Yet, according to critics of this approach, there have been some cases in which the benefits might have been temporary or superficial. Thus, I suggest conducting further BoP service research focused on measuring the benefits or advantages generated by bringing service to this context. Further research could also explore the disadvantages or the potential damages that service might bring to the BoP, and how different business models impact value co-creation in this context. Furthermore, this research should consider a triple bottom line perspective that helps understand these benefits or damages on economic, social, or ecological levels.

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7. Curriculum Vitae

Ana Lucía Valdés was born in Monterrey, Mexico, con July 29, 1985. She earned the bachelor's degree in Marketing from the *Universidad Regiomontana* in Monterrey, Mexico in 2010. She also earned the master's degree in Marketing from *Instituto Tecnológico y de Estudios Superiores de Monterrey, EGADE Business School*, Monterrey in 2014. Additionally, she completed the Entrepreneurship Summer Program of *Babson University* in Boston, Massachusetts in 2014. She was accepted in the PhD program in Business Administration from *Instituto Tecnológico y de Estudios Superiores de Monterrey, EGADE Business School* in January 2015.

From 2013 to 2019 she worked as a Research Assistance for the Service Management Research Group and Social Innovation Research Group in *EGADE Business School*, where she contributed to the design and execution of multiple research projects focused on Service Management. Her scholarly work has been published in The Service Industries Journal and Service Science. Her first co-authored article won the Best Article Award 2015 issued by the Service Industries Journal. She has presented at academic conferences in Mexico, USA, France, Portugal, and England.

Since 2019 she works full time in *Clarios* (formerly *Johnson Controls Power Solutions*) and currently holds the position of Strategy and Market Intelligence Manager for the LATAM region. Additionally, since 2022 she is also an associate Professor of Marketing and Analysis at *Instituto Tecnológico y de Estudios Superiores* de Monterrey, Monterrey Campus.

Her research is objective is to contribute to increasing knowledge of the Base of the Pyramid (BoP) service ecosystem. Other research interests include value co-creation and social capital.

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