The distribution of world income can be viewed as an economic pyramid, said Gerardo Ungson, referencing The Fortune at the Bottom of the Pyramid by C.K. Prahalad.

According to Prahalad, “In Tier IV, the bottom of the pyramid (BOP) are well over a billion people whose per capita is less than $1 per day. Although the figures have been disputed, the underlying assumption is that the poor do not have use for products sold in developed countries; therefore, the BOP market is not critical for the long-term growth and vitality of multinational corporations,” said Ungson.

Ungson cited cases from Prahalad, Stuart Hart, and others that challenge these ideas of social entrepreneurship and poverty alleviation methods in developing countries.

Rethink cost-price relationships.

“Hindustan Lever Ltd. (HLL), Mumbai, India, marketed a new detergent - Wheel - prompted by the observation that the poor often washed their clothes in rivers and other public water systems. HLL changed the cost structure of its detergent business so that it could introduce Wheel at a low price point.”

- Innovate around obstacles. “In visits to rural areas, Haier, a major appliance manufacturer in China, discovered its customers frequently used washing machines not only to launder clothes but also to clean vegetables. By developing a versatile machine that could do both, Haier became the market leader in this product in China.
- Build sustainability standards into the business model. “Pantagonia is the paragon of environmental sustainability with its commitment to products and services that have the highest environmental standards. Pantagonia reuses its materials, strikes a balance between work and family through its onsite day care and aggressively promotes sustainability. Located in the southernmost part of South America, Pantagonia consistently meets its profit goals,” said Ungson.
- Create new models of philanthropy. “Marc Benioff, a wealthy capitalist, wants to revolutionize the structure of philanthropy. He created Salesforce.com/foundation where he donates 1 percent of Salesforce’s equity and 1 percent of the company’s annual profits. He believes that philanthropy should be integrated into every business,” said Ungson.
- Create a new social business enterprise. In 2006 the Grameen Group and Groupe Danone formed a 50-50 joint venture called Grameen Danone Foods. Its mission is to provide nutrition to low income people in Bangladesh, and alleviate poverty through the implementation of a unique community based business model that focuses on providing maximum benefits to its target population rather than on earning maximum profits.

Analysts have described the plight of the poor as a poverty trap they can’t escape without an infusion of cash. For some, microfinancing provides that cash.

Muhammad Yunus, the 2006 Nobel Peace Prize winner, founded the Grameen Bank and pioneered microfinancing which provides poor people, mainly women, with small loans they use to launch businesses and lift their families out of poverty.

Although not everyone agrees that microfinancing is a panacea for poverty, “this innovative banking program has spread across the globe and benefited over 100 million families over the past 30 years,” said Ungson.