

**Some pages of this thesis may have been removed for copyright restrictions.**

If you have discovered material in Aston Research Explorer which is unlawful e.g. breaches copyright, (either yours or that of a third party) or any other law, including but not limited to those relating to patent, trademark, confidentiality, data protection, obscenity, defamation, libel, then please read our [Takedown policy](#) and contact the service immediately (openaccess@aston.ac.uk)

**MULTINATIONAL COMPANIES (MNCS) AND LOCAL MICROBUSINESSES AT  
THE BOTTOM/BASE OF THE PYRAMID (BOP) IN GHANA: A FAIR DEAL OR  
BUSINESS AS USUAL?**

GEORGE OBENG DANKWAH

Doctor of Philosophy

ASTON UNIVERSITY

September 2017

© GEORGE OBENG DANKWAH, 2017

GEORGE OBENG DANKWAH asserts his moral right to be identified as the author of this  
thesis

This copy of the thesis has been supplied on condition that anyone who consults it is understood to recognise that its copyright rests with its author and that no quotation from the thesis and no information derived from it may be published without appropriate permission or acknowledgement.

## **Thesis Summary**

Aston University

MNCs and local microbusinesses at the Bottom/Base of pyramid (BoP) in Ghana: a fair deal or business as usual?

George Obeng Dankwah

Doctor of Philosophy

2017

The bottom of pyramid (BoP) concept holds that multinational companies (MNCs) can profitably serve the needs of the poor and have the opportunity to invest in the BoP market to 'do good and do well' simultaneously. This thesis contributes to BoP concept by challenging the notion that- MNCs and big companies are the initiators of BoP business models. Recent scholars cited NGOs, SMEs, and governments as initiators, without recognising the visible activities of microbusinesses in the developing economies such as Ghana. This project aims to understand the origins of BoP business models, examine both MNCs' co-optation and offering more of MNCs and local microbusinesses' activities in the BoP market of Ghana. It examines the how MNCs got interest to engage the poor microbusinesses in the BoP market. The research employed case study approach and explores how MNCs interact with the local microbusinesses in the BoP market, using so-called Gioia method for data analysis.

The main result of the empirical research demonstrated the source of innovation in the BoP market as the microbusinesses and not MNCs and large companies. MNCs just identify gaps in the BoP market and then develop cost-effective solutions that often help to serve the market. The research examined a type of BoP strategy (co-optation) that was not wholly discussed in the BoP literature. BoP as a concept has become performative in Ghana as Pralahad's proposition influenced MNCs' managers to show interest in the BoP market.

Keywords: BoP concept, Origins of BoP business models, Co-optation strategy, Reinvention strategy, Performativity of BoP.

## Acknowledgements

The PhD process over the past years has been a challenging but a rewarding journey, and it would not have been attainable without the support of Almighty God and some people. First and foremost, words cannot express how grateful I am to my God, who provided me with spiritual strength and encouraged me in countless ways during the journey.

My sincere thanks go to my principal supervisor, Professor Stephanie Decker, for her astute intellectual supervision. I am highly appreciative for her guidance in scoping this research, from something that was quite vague and virtually unmanageable, to one that is more focused and manageable, nevertheless valuable to both academics and practitioners. Thanks to her for providing me with other opportunities to develop my academic career. I am grateful for her patience and support throughout the journey. I am also thankful to my second supervisor, Kirit Vaidya, who initially helped to develop the research at the early stages of confusion to more wieldy. His contribution to this research is valuable and highly appreciated, particularly to the preparation of data collection and an interview guide. I am also incredibly grateful to Carole Parkes, professor of Global Issues and Responsible Management (Winchester University), for supporting me with advice and inviting me to the 4<sup>th</sup> Annual CSR Summit Birmingham, 'Reversing the Value Chain', June 2015, Aston Business School and being generous with her time.

My sincere thanks also go to the practitioners with whom I spoke to during my visits to Ghana in 2015. My deepest thanks to them all for their interest in the project, for providing their respected time for interviews, and displaying their responsiveness by sharing their motivating stories with me. Sincere thanks to the many micro business owners with whom I spoke and also provided me with their rich insights.

I would also like to thank my colleagues and friends who have been so generous in bestowing their knowledge and experience with me over the years. My deepest thanks go to those friends, particularly Dr Samuel Adomako (Warwick University) who shared most of the time with me about my research, as every bit of information and insights gained during our discussions, sharing, and conversations add to the knowledge that I leveraged to write this thesis. My sincere thanks also go to Dr Robert O. Ankomah (Red Deer College, Canada), whose expertise in Ghana for all of the research-oriented talks we shared face-to-face and on phones.

To all of the Economic and Strategy Group academics at Aston Business School I have met at a couple of conferences and symposiums over the years, thank you all for showing an interest in my project and for your questions and critical comments. In particular, I would like to thank Professor Ute Stephan for meeting with me to discuss my project and providing helpful and insightful comments on the research. Also, thanks to all those staff and academics in the SW11<sup>th</sup> floor RDP Suite for presenting my research and answering my questions through email and sending me papers. Your contributions have made me feel part of your scholarly community.

Lastly, my heartfelt thanks go to my dearest wife, Mrs Gifty Besseah Obeng, for all of her efficient and emotional support throughout the years of this programme. My thanks to her for ensuring that intermittently I still had much fun while doing a PhD, for treating me to dinners, and on occasion, treating me to the greatly needed holidays. Gifty, I say thank you for standing by me and always being there for me. Also, I would like to thank my parents and words cannot express how appreciative I am to my mum and children, who have been there for me.

**Dedication**

This thesis is dedicated to my loving wife Mrs. Gifty Besseah Obeng; even all words will not be enough to thank you. Thanks for always being there for me. Again, it is devoted to the memory of my late father John Kwabena Obeng, who is my inspiration to be engaged in a noble academic career, PhD. The thesis is also dedicated to my mother Mrs. Theresa Serwaa Obeng, who took all the pain to stay home (Ghana). Mum, thanks for your constant prayers for me during this study. To my dearest children, I hope this journey of ours has taught you how to battle challenges with patience and perseverance. Thank you.

## **Table of Contents**

Thesis Summary.....	2
Acknowledgements.....	3
Dedication.....	4
List of Abbreviations.....	9
List of figures.....	10
CHAPTER 1.....	12
INTRODUCTION.....	12
1.0 RESEARCH BACKGROUND.....	12
1.2 MOTIVATION OF THE RESEARCH.....	14
1.3 STATEMENT OF THE RESEARCH PROBLEM.....	16
1.4 THE SIGNIFICANCE OF RESEARCH.....	18
1.5 THESIS AIM, OBJECTIVES AND RESEARCH QUESTIONS.....	21
1.5.1 Specific Objectives.....	22
1.5.2 Research Questions.....	22
1.6 STRUCTURE OF THE THESIS.....	22
CHAPTER 2.....	25
THE CONTEXT OF THE STUDY-GHANA.....	25
2.0 INTRODUCTION.....	25
2.1 GHANA: AT A GLANCE.....	25
2.2 OVERVIEW OF THE GHANAIAN ECONOMY.....	26
2.2.1 The Agricultural Sector.....	27
2.2.2 The Manufacturing Sector.....	28
2.2.3 Service Sector.....	30
2.3 CURRENT BUSINESS ENVIRONMENT OF GHANA.....	31
2.4 WHY STUDY MNCs AND LOCAL MICROBUSINESS IN THE BOP MARKETPLACE OF GHANA.....	33
2.5 MICROBUSINESS DEVELOPMENT AND CHALLENGES IN BOP MARKET OF GHANA.....	35
2.6 STATE OF MNCs AND LOCAL MICROBUSINESS INNOVATIONS AT THE BOP MARKET IN GHANA.....	37
2.7 CHAPTER SUMMARY.....	44
CHAPTER 3.....	45
LITERATURE REVIEW.....	45
3.1 INTRODUCTION.....	45
3.2 SECTION ONE.....	46

3.2.1 The Evolution of BoP Concept and its Debates .....	46
3.2.2 BoP Approach and the Local Market .....	54
3.2.3 Definition of the BoP Market Concept .....	57
3.3 SECTION TWO.....	62
3.3.1 The Characteristics and Initiators of BoP Business Initiatives .....	62
3.3.2 The variety of BoP Business Models .....	65
3.3.3 Co-Creators, Not Recipients .....	68
3.3.4 Company’s Acceptance and Strategic Modification of the Products.....	70
3.3.5 Successful Business Model at the BoP Markets .....	73
3.4 SECTION THREE.....	75
3.4.1 Performativity Theory and BoP Approach.....	75
3.5 SECTION FOUR .....	80
3.5.1 MNCs, Local Intermediaries, and BoP Market Consumers.....	80
3.6 LIVING STANDARDS OF LOCAL INTERMEDIARIES IN THE BOP MARKET IN GHANA .....	89
3.7 SUMMARY OF THE LITERATURE.....	91
CHAPTER 4 .....	93
METHODOLOGY.....	93
4.1 INTRODUCTION .....	93
4.2 RESEARCH PHILOSOPHY .....	93
4.3 RESEARCH METHODS.....	95
4.3.1 The Choice of Research Method.....	95
4.4 RESEARCH STRATEGIES .....	97
4.4.1 Case Study Design .....	98
4.5 TIME HORIZONS.....	100
4.6 DATA COLLECTION METHOD .....	100
4.6.1 Selection of Sample.....	101
4.6.2 Justification of the Sample Groups and Size.....	109
4.6.3 Data Sources.....	111
4.7 DATA ANALYSIS.....	119
4.8 EVALUATION OF THE QUALITY OF RESEARCH DESIGN.....	123
4.8.1 Reliability.....	123
4.8.2 Validity.....	125
4.8 RESEARCH ETHICS .....	126

4.8.1 Selection of Participants.....	126
4.8.2 Obtaining Verbal or Written Consent .....	127
4.8.3 Anonymity and Confidentiality.....	127
4.8.4 Data Storage .....	128
4.9 SUMMARY .....	129
CHAPTER 5 .....	130
THE ORIGINS, CO-OPTATION, AND REINVENTION OF BUSINESS MODELS IN THE BOP MARKETS.....	130
5.1 INTRODUCTION .....	130
5.2 BUSINESS MODELS IN THE INFORMAL ECONOMY .....	130
5.3 BOP BUSINESS MODELS AND CO-OPTATION OF INFORMAL PRACTICES .....	134
5.3.1 Identifying Existing Informal Business Models.....	134
5.3.2 Adaptation of BoP Strategies .....	136
5.4 REINVENTION OF BUSINESS OPPORTUNITIES .....	140
5.4.1 Modification of Existing Models .....	141
5.4.2 Internal Management Capabilities .....	147
5.5 IMPACT OF BOP NEW BUSINESS MODELS ON BUSINESS .....	151
5.5.1 Impact on Business Models on the Informal Economy .....	152
5.5.2 Impact on a New Business Model of Formal Business (MNCs) .....	154
5.6 CONCLUSION .....	158
CHAPTER 6 .....	171
PERFORMATIVE ASPECTS OF BOP CONCEPT IN GHANA .....	171
6.0 INTRODUCTION .....	171
.....	171
SECTION 6.1: PERFORMATIVITY TYPE.....	171
SECTION 6.2 ANALYSIS OF THE TYPE OF PERFORMATIVITY WITH SECTORS AND MNCS .....	173
6.2.1 Performativity in the FMCG Sector .....	177
.....	177
6.2.2 Performativity in the Finance Sector.....	181
6.2.3 Performativity in the Telecom Sector .....	186
Section 6.3 PERFORMATIVE TIES AT THE BOP.....	192
6.4 ESTABLISHED PERFORMATIVE TIES .....	198
6.4.1. Performative tie between MNCs and Microbusinesses – FMCG Sector .....	202
6.4.2 Performative tie in the Finance Sector .....	206



6.4.3 Performative tie in the Telecom Sector .....	209
6.5 CHAPTER SUMMARY .....	211
CHAPTER 7 .....	213
DISCUSSIONS .....	213
7.1 INTRODUCTION .....	213
7.2 DISCUSSION OF THE FINDINGS .....	213
7.2.1 Objective One: To Examine the Origins, Co-optation and Reinvention of Business Models in the BoP Markets.....	214
7.2.2 Objective two: To examine the performativity of the BoP concept in the BoP market .....	219
CHAPTER 8 .....	222
CONCLUSIONS.....	222
8.1 INTRODUCTION .....	222
8.2 CONTRIBUTIONS OF THE RESEARCH.....	222
8.3 LIMITATIONS OF THE RESEARCH .....	225
8.3.1 Limitations of the Interview Process.....	225
8.3.2 Scarcity of Resources .....	226
8.3.3 Researcher Bias.....	227
8.3.4 Limitation to Researching BoP Markets .....	227
8.4 RECOMMENDATIONS FOR FUTURE RESEARCH DIRECTIONS .....	228
8.5 CONCLUDING REMARKS .....	228
REFERENCES.....	230
Appendices.....	252
Appendix 1 .....	252
Appendix 2.....	255
Appendix 3.....	262

## List of Abbreviations

BIP	Buying Index Power
BoP	Base/Bottom of the pyramid
CSR	Corporate Social Responsibility
CAF	Commercial Asset Finance
EU	European Union
FMCG	Fast moving consumer goods
GDP	Gross domestic product
GCSCA	Ghana Co-operative Susu Collectors Association
GIPC	Ghana Investment Promotion Centre
HLL	Hindustan Lever Limited
P&G	Proctor and Gamble
IB	International Business
ICICI	Industrial Credit and Investment Corporation of India
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
LDCs	Least Developed Countries
MNCs	Multinational companies
MSEs	Micro and small-sized enterprises
MSMEs	Micro-Small-Medium-Enterprises
MSMLEs	Micro-Small-Medium-Large-Enterprises
MTN	Mobile Telephone Network
NGO	Non-Governmental Organisations
NBSSI	National Board for Small Scale Industries
OECD	Organisation for Economic Co-operation and Development
PPP	Purchasing power parity
SMEs	Small and medium-sized enterprises
UK	United Kingdom
UKI	United Kingdom and Ireland

UNDP	United Nations Development Programmes
TOP	Top of the pyramid

**List of figures**

Figure 1 Map of Ghana showing neighbouring countries, cities, and towns.....26

Figure 2 Cement being sold in smaller containers.....	28
Figure 3 Different pictures of street hawkers and table-top owners at work.....	39
Figure 4 Picture showing a local kiosk operator cutting 'Key Soap' bars into smaller units and locally prepared 'Milo' beverage and sugar for instant usage for sale.....	41
Figure 5 Picture showing collector transacting business in the market.....	43
Figure 6 The World Economic Pyramid.....	59
Figure 7 The process of collectoion system in Ghana.....	85
Figure 8 Snowball sampling process.....	109
Figure 9 Data Structure.....	160
Figure 10 A Process Model of Origin, Co-optation, Reinvention and Impact of BoP Business (Conceptual Framework).....	161
Figure 11 Different BoP Strategies for MNCs.....	162

### **List of tables**

Table 1 Table showing MNCs' participants for interviews.....	104
Table 2. Descriptive overview of data responses (local intermediaries).....	108
Table 3 Additional Representative Quotes of the Origin of the Business Model.....	163
Table 4 Additional Representative Quotes on Co-optation of Business Models and Reinvention.....	163
Table 5 Analysis of the Type of Performativity with Sectors and MNCs.....	174
Table 6 Analysis of the Established Performative Tie with MNCs and Microbusinesses	

## CHAPTER 1

### INTRODUCTION

#### 1.0 RESEARCH BACKGROUND

The Base/Bottom of the Pyramid (BoP) concept was coined by prominent business school academics in the United States (Prahalad and Lieberthal, 1998; Prahalad and Hart, 2002; Prahalad and Hammond, 2002) to suggest that, global poverty can be eradicated by multinational companies (MNCs) and large companies doing business with the poor in developing economies. They argued that the MNCs should find innovative ways to tap into the neglected BoP market to grow their profits while simultaneously reducing poverty. This is referred to as the 'bottom' or 'base' of the economic pyramid.

Globally, over 4 billion people live on less than \$2 a day (Prahalad, 2004). These people are considered to be at the bottom of the pyramid. Other studies have suggested different amounts and supported their argument with examples of what poor people live on, for instance, less than \$3.35 in Brazil, less than \$2.11 in China, less than \$1.89 in Ghana, and less than \$1.56 in India (World Resource Institute, 2007; Fitch Sorensen, 2007). These figures demonstrate the low spending power of people at the BoP. The combined spending power of people at the BoP is similarly controversial: estimated to be between \$1.42 and 13 trillion (Prahalad, 2004; Hammond et al., 2007; World Resource Institute, 2007; Karnani, 2007; World Bank, 2011; Arnold and Valentin, 2013). Overall, the BoP market has substantial purchasing power and represents a much larger market opportunity, despite the limited purchasing power of individuals.

Over 4 billion people at the BoP represent a substantial share of the world's population. Studies suggest that the BoP makes up 70% people of the world (World Resource Institute, 2007; Kiss et al., 2012) and this represents the majority of the population in Asia, Africa, Eastern Europe,

Latin America and the Caribbean. These markets are often rural, very poorly served, dominated by the informal economy, and consequently, fairly disorganised and uncompetitive as compared to developed markets (World Resource Institute, 2007). Micro enterprises dominate in the BoP market (Mead and Liedholm, 1998). For instance, in Ghana, micro and small enterprises (MSEs) dominate the BoP market and have been broadly recognised as the beginning point for sustainable economic development, accounting for about 90% of all businesses (Mensah, 2004; Oppong, Owiredu and Churchill, 2014). Microbusinesses in this region absorb more than 60% of the working population with the majority in the rural areas (Oppong, Owiredu and Churchill, 2014). This makes microbusinesses very important sector in the Ghanaian economy.

The BoP approach suggests that innovative business opportunities lie in designing and distributing goods and services to poor communities in emerging and developing markets. However, it is necessary to reconsider the entire business model in this market (Linna, 2012), as innovative solutions are not only required for goods or services, and technology (Prahalad, 2012; Garrette and Karnani, 2010) but are also needed in business models as well. Extant literature indicates that BoP business models appear to be initiated by MNCs, and large companies (Prahalad and Hart, 2002; Prahalad, 2004; London and Hart, 2004; Ricart et al., 2004; and Chesbrough et al., 2006; Simanis and Hart, 2009). Recently, further studies have emerged to embrace non-profit organisations and small and medium companies as initiators in the BoP market (Anderson and Markides, 2007; Anderson and Kupp, 2008a; Brinkerhoff, 2008; Altman, Rego, and Ross, 2009). However, these scholars are relatively blind to the effect of local intermediaries such as the microbusinesses as the innovators of the BoP business models.

The key argument with BoP is that MNCs need to drastically develop novel business models in order to combine profit with poverty alleviation on a large scale (Ricart and Mutis, 2008; Simanis and Hart, 2009). In a view to doing business at the BoP market, firms need to develop new business models not only for profitable reasons but for customer satisfaction in a

sustainable manner as well (Ricart and Mutis, 2008). By designing and creating business models that make BoP business more profitable and contribute to eradicating poverty, firms need to check fundamental issues regarding the development of the business models. Yet, most of the examples of BoP business model are said to be introduced by the MNCs and big companies (referred to as BoP initiators – see Kolk et al., 2013) without giving recognition to the poor local microbusinesses, particularly in the distribution activities. The local microbusiness's effort in the business model creation appears silent in the BoP literature.

Given this background, BoP idea still holds significant in eradicating poverty in developing and emerging markets. Most of the previous research conducted in the BoP domain principally concentrate on cases and examples of MNCs in certain emerging markets such as India (Prahalad, 2004; Hammond et al., 2007), and not many is known about the creation of business model and innovation (London, 2008) that occurs in sub-Saharan African markets like Ghana.

Even though prior research suggested that local actors, e.g., local entrepreneurs may play an important role in creating entrepreneurial solutions for prosperity in the BoP markets (Kandachar et al., 2009; Kacou, 2010). However, the literature offers little empirical and local examples for innovative business models created by these local microbusinesses at the BoP market, which are the real innovators but not acknowledged by the subject. This research aims to examine these business models and concentrates on the relationship between MNCs and local microbusinesses in the BoP market of Ghana. The study also addresses the factors influencing MNCs to enter the BoP market in Ghana.

## **1.2 MOTIVATION OF THE RESEARCH**

Between 1998 and 2002, I operated a microbusiness centre under the telecommunication sector providing telephone services to the customers in my community in Ghana. The line rental was

subscribed by the main telecom office of the country. From 2002, microfinance was also added to my sectors of activity. The main role was to help community members access both landline and mobile telephony (Space-to-Space) to call and receive calls abroad and home, to which they were formerly denied access in the economy. The microfinance involves the operation of 'Susu' and granting micro-credit to customers. 'Susu' is a Ghanaian term which means the small collection of money and refers to a traditional credit circle. According to Alabi, Alabi, and Ahiawodzi (2007), 'Susu' is one of Africa's traditional systems of banking by its structure of commerce or trading of money. It requires a daily or weekly collection of specifying the sum of deposits that are made available to the owners after a fixed time duration or when required or to borrowers within the scheme at a fee'. 'Susu' collectors then collect the money from the clients known as contributors and made it available to them at the end of the month with a fee.

I worked with three employees and business was progressing productively until MTN, and large financial organisations such as Barclays Bank entered the market to do business with microbusiness owners like me. It was during this time I began to understand the relationship between microbusinesses and the big corporations. I entered the UK in 2005 as a student, and while studying, I read more theories of the relationship between MNCs and smaller firms in developing countries. My understanding deepened in both empirical and theoretical perspectives when Prahalad's book, *The Fortune at the Bottom of the Pyramid*, was put forward in 2004, a proliferation of books and articles such as *The Bottom Billion* (Collier, 2007), and *Fundamental New Markets of BoP* (Hart and London, 2005). Also, a similar determination and enthusiasm were recognised of Mohammed Yunus in his book *Creating a World without Poverty* (Yunus, 2007). However, I was initially perplexed as to why the book reported that MNCs are initiators of BoP business models. Again, I was surprised that all the examples and cases used in the book were from the Indian market, and as a Ghanaian, these examples seemed questionable for me. However, I soon began to comprehend that this needed to be understood



as a call of MNCs to do business in the developing economies as a new approach to poverty reduction.

During this time, I began to appreciate the attempt to eradicate and ultimately eliminate poverty in developing countries. However, the BoP notion challenges MNCs to think outside the box that could stimulate innovation (Prahalad, 2004; Landrum, 2007), and it is possible the concept would lead to improving conditions and quality of life for BoP consumers (Prahalad, 2012).

Similarly, my interest went into CSR relating to Africa, particularly Visser (2006) and Amaeshie et al. (2006) that provide some insightful literature on MNCs operating on the continent. CSR was aimed at ensuring that firms ethically conduct their business in these regions. Apparently, the ethical issues at the BoP seem relevant but Prahalad basically separated BoP notion from CSR (Prahalad, 2004; Davidson, 2009). Nevertheless, the growing interest of BoP in combination with CSR concept became vital to me. Particularly, to make known the activities of the principal actors (MNCs and microbusiness) in the BoP market visible in the academic realm. The entire aim was to investigate how these firms serve the poor consumers in the BoP markets in developing countries. A research proposal was developed to establish the link between CSR and BoP concerning poverty alleviation, but CSR aspect was later dropped to concentrate on the BoP.

### **1.3 STATEMENT OF THE RESEARCH PROBLEM**

The BoP concept has received much attention in the literature (e.g., Prahalad and Lieberthal, 1998, Prahalad and Hart, 1999, 2002; Prahalad and Hammond, 2002; Prahalad, 2004). While prior studies have provided evaluation and critique of the BoP (e.g. Crabtree, 2007; Warholz, 2007; Karnani, 2007, 2008, 2009), other studies have focused on offering advice on strategy and marketing for companies that want to enter the BoP market (Weiser, 2007; Olsen and

Boxenbaum, 2009; London and Hart, 2010). In addition, some scholars have raised ethical issues regarding BoP strategy of MNCs (e.g., Davidson, 2009; Arnold and Valentin, 2013). These scholars often study corporate social responsibility (CSR) in emerging markets arguing that most MNCs often neglect people in the BoP in their strategic orientation. Moreover, some studies have concentrated on the market characteristics (Ireland, 2008; Guesalaga and Marshall, 2008), and others (Whitney and Kelkar, 2004; Prasad and Ganvir, 2005) on the cases of BoP initiatives, but they largely refer to products likely to be suitable for the BoP. The limited number of studies mentioned here is rather surprising as the aspects of the BoP model, including whether the MNCs (who are encouraged to do business with BoP) are involved in the creation or just adapting the models (see Kolk et al., 2013) are problematic. A major gap is that very little is known about the origins of the BoP models and the relationship between MNCs and local microbusinesses in the BoP market. Additionally, scholars are yet to investigate whether MNCs's entry in the BoP market are influenced by certain factors such as management experts' utterances or other profitability reasons.

Prahalad's original work cited MNCs as the initiators of BoP initiatives and encourages MNCs to consider the poor as consumers (Prahalad and Lieberthal, 1998; Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Prahalad, 2004), without recognising the visible activities of these microbusinesses in the informal economy such as Ghana. Countless research papers have rebutted the point of Prahalad's original work and claimed that the poor should be considered as producers instead of consumers (Karnani, 2007; Karnani, 2009). However, Karnani's claims ignored local microbusinesses activities that play important roles in providing access for final consumers to get the products of these MNCs (Dowuona-Hammond and Atuguba, 2008; Woodward et al., 2014). Indeed, his claims assume that the poor should be considered as producers, but they also serve as local intermediaries that allow the BoP market to function. Similarly, studies continue to neglect the activities of these local microbusinesses but rather

focused on companies as initiators of BoP business models (e.g., Anderson and Markides, 2007; Brinkerhoff, 2008). My research investigates the role of local microbusinesses and the environment in which they operate that scholars have previously ignored. As a result, this study focuses on the MNCs entry in the BoP market and how BoP models are developed and commercialised, an area that has not been substantial research yet. This research work dwells on adding empirical evidence from this country to support this claim.

#### **1.4 THE SIGNIFICANCE OF RESEARCH**

My research makes a significant contribution to our understanding of the operations of MNCs in the BoP market, and how they interact with local microbusinesses. Without this research, neither the shortcomings nor the potential of developing business models to alleviate poverty can be generated. This is accomplished by elaborating on our understanding of BoP as an approach, and by extending this knowledge to the context of this market with respect to considering the following dimensions: origins of BoP business model, MNCs' adaptation of the model. Other aspects of the research include MNCs' reinvention of products to create an opportunity, and how they showed interest in the BoP market. The benefits of these dimensions would enable us to know the relationship of MNCs and local microbusinesses activities in the BoP market, whether MNCs' role in this market is in contradiction to the core principle of BoP concept proposed by Prahalad (2004). This is because the fundamental claim of BoP is a call for MNCs to target this market and help alleviate poverty (Prahalad and Lieberthal, 1998; Prahalad and Hammond, 2002; Prahalad and Hart, 2002). The opportunity to invest in the BoP market to 'do good and do well' (Prahalad, 2004; 2005). Therefore, these dimensions of the study will enable us to know whether MNCs in this context actually understand the notion of BoP or they just focus on making profit alone without doing good. Again, it will enhance

scholarly understanding of whether MNCs influence to show interest in the BoP market was by Prahalad's BoP concept or not in Ghana.

MNCs are pioneers in especially in consumer goods, financial services, mobile telephony and housing since Prahalad's formation of BoP (London, 2008; Keating and Schmidt, 2008; World Resource Institute, 2007). Indeed, MNCs support this market in various ways such that they offer access to capital (Oster, 1995), provide economies of scale and vast distribution network (O'Regan and Oster, 2000). For instance, some scholars (Hammond and Prahalad, 2004; and Selsky and Parker, 2005; Keating and Schmidt, 2008) established that MNCs are relevant in this market because they are supposed to bring transparency, accountability and improve efficiency in their business for the benefit of BoP consumers. In spite of MNCs importance in this market, they rarely practice transparency and responsibility and fail when it comes to efficiency in their business with the local microbusinesses (see Transparency International Report, 2016).

Consequently, the BoP consumers pay a 'poverty penalty' for inefficiencies in the market through higher prices for essential goods and services even though they often receive lower quality (World Resource Institute, 2007; Prahalad, 2005). BoP scholars argue that MNCs presence would enhance this 'poverty penalty' for the consumers in the market. However, the lack of transparency and efficiency associated with MNCs often compete against the sellers or distributors of their goods and even the local goods providers. Indeed, local microbusinesses are not producers but only sell these products and services produced by the MNCs, serving as a linkage between the MNCs and the final consumers in the market of BoP. They are last in the distribution chain that enables final consumers, especially those in the rural settings to gain access. Local microbusinesses develop business models to allow easily selling to the final consumers, something the MNCs lack regarding integrating with the BoP market. The activities of microbusinesses, serving as local intermediaries, should therefore, be commended as their

close relations with the consumers are beneficial to the MNCs and the informal economy. Again, ensuring better services for consumers in the BoP market cannot be guaranteed without local microbusinesses.

This study provides new insights into the local microbusiness' operations in the BoP market of Ghana. The local microbusinesses growth in the BoP markets is wide-ranging and the growth has greater economic benefits as it includes job creation, wealth creation, and innovation (Carter and Jones-Evans, 2006; Chandy and Narasimhan, 2011). Recent research suggests that microbusinesses may be a major factor in the return of a robust economy in the developing countries since they are relevant (Chandy and Narasimhan, 2011). As it is, the business activities of the microbusiness are entrepreneurial and exhibit virtues and benefits that many scholars, practitioners, and policy makers extol. Their growth and development in developing countries are relevant as it boosts personal income, improves the living standards of the poor and curtails rising unemployment. To date, there has been little focus on local microbusinesses in the BoP literature regarding their role of enabling final consumers in the rural areas to gain access to these MNCs' products. It is apparently worrying that current BoP literature often ignores microbusiness activities but rather focuses on MNCs and large companies in the BoP market.

BoP proponents argue that MNCs and large companies have the capabilities to innovate at the BoP (Prahalad and Hart, 2002; Prahalad, 2004). This claim has been challenged by recent studies (e.g., Johnson, 2007; Hahn, 2009) and argued that large domestic firms, NGOs, governments, and SMEs are at least as important as producers or suppliers if not more. The previous researchers failed to consider local microbusinesses including street hawkers, table-top, and shop owners who are the primary initiators or develop BoP business model, particularly in Ghana. Local microbusinesses developed BoP business models before MNCs entered this market segment. My research challenges the concept that BoP models are introduced by MNCs.

The present study argues that the structure of the BoP market is similar in other countries and that local microbusinesses are similarly important in other BoP markets. I propose that the poor owners of microbusinesses play a significant role in initiating the business models that were copied by the MNCs. This challenges the claims of BoP concept which states that global business can eradicate poverty by remaining profitable.

It is also the case that much research on BoP has focused on MNCs and large companies operating in emerging markets in Asia, Latin America, and Eastern Europe, with few focusing on the Africa continent. For example, Hindustan Lever Ltd. (subsidiary of Unilever) is a frequent case in the BoP research in India (Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Prahalad, 2004; Prahalad, 2012); as is the Telenus-Grameen Phone project in Bangladesh (Yunus, 2007; Anderson and Kupp, 2008a; Altman, Rego, and Ross, 2009) Cemex in Mexico (Prahalad, 2004; London, 2008); and Casas Bahia in Brazil (Prahalad, 2006). There is little-published data on Africa, where over 70% of the population are considered BoP (Kiss et al., 2012). Recently, other scholars who focus on small companies still targeted India and Philippines (Brinkeroff, 2008; Anderson and Markides, 2007; Kuriyan, Ray, and Kammen, 2008), with very little focusing on South Africa (Avon) and Kenya (SC Johnson) (Johnson, 2007; Jose, 2008). The above point indicates that there is far too little attention paid to the environment of sub-Saharan African informal economy, such as Ghana. Microbusinesses dominate the informal economy of the BoP market, and Ghana has a large number of microbusinesses (Dowuona-Hammond and Atubuga, 2008; Aryeetey, 2001) that have various engagements with MNCs and large domestic companies. As an under-researched BoP market, Ghana and other African informal economy have new insights to provide.

### **1.5 THESIS AIM, OBJECTIVES AND RESEARCH QUESTIONS**

This thesis has one general aim and two objectives that evolved over the project:

Aim: To elaborate our understanding of MNCs and local microbusiness affairs in the BoP markets.

### **1.5.1 Specific Objectives**

More precisely the study spells out the following objectives:

1. To examine the origins, co-optation and reinvention of business models in the BoP markets.
2. To analyse the factors influencing MNCs to enter BoP markets.

### **1.5.2 Research Questions**

In line with the objectives of the study, two research questions were examined:

1. How do MNCs develop, co-opt and reinvent BoP business models?
2. What are the factors that influence MNCs to enter BoP markets in Ghana?

## **1.6 STRUCTURE OF THE THESIS**

This thesis is organised into eight chapters.

The next chapter introduces the context of study's environment. Specifically, the section presents background information for Ghana, the justification for the choice of the research context, and information on microbusiness development in Ghana. Next, this chapter looks at current business environment of Ghana and the overview of the Ghanaian economy.

**Chapter 3:** this chapter discusses the previous literature on the nature of BoP concept in line with the meaning, debates and the MNCs' role in the market. The initial focus was on the claim by previous authors that BoP innovations were developed by MNCs. Some scholars have argued that BoP innovation was created by small companies and not MNCs (Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Prahalad and Lieberthal, 1998; Prahalad, 2004).

However, this study argues that the innovators of BoP are neither MNCs nor small companies, but rather local microbusinesses comprising street hawkers, table-top operators, microshops and 'Susu' collectors. This study presently argues in favour of BoP business model initiated by the local microbusinesses rather than MNCs as suggested by previous authors. It was contended that MNCs just copied the business models and reinvented their strategies to serve the market. In addition, the notion that MNCs engage the poor as recipients does not work in practice. Moreover, the discussion that the theory of performativity brings theory or concept or model into being concluded that BoP model can be performative.

**Chapter 4** explains and justifies the methodology for this study. This chapter includes discussions that establish the suitability of the selected methodology by describing the type of data required to answer the research questions. Importantly, case study design was used with sample groups of 54 participants (consisting of 18 managers of MNCs and 36 owner-managers of local intermediaries). Theoretical sampling approach was used for the selection of MNCs and snowball sampling technique for the selection of owners of local microbusinesses. A discussion of the justification of the sample group and size follows as well as sources of data. Primary data collection method was used to investigate a broad range of phenomena including participants' views, feelings, and activities. This was easier because the researcher tried to establish a relationship with the participants. An in-depth semi-structured interview was used to collect data. The data analysis techniques followed the so-called Gioia method. The chapter also discusses reliability and validity of the research design and ends with ethical considerations.

**Chapter 5** analyses and outlines the findings from 54 interviews conducted. This chapter examines the origin, co-optation of BoP business model and reinvention of business products to create opportunity in the market. The research question is "How do MNCs create, co-opt and reinvent BoP business models?" This question was important since there is always a perception



that BoP strategies were brought in by formal economy actors – MNCs, large companies, NGOs. However, the data indicated that the informal microbusiness owners created the business models. This section shifts the focus towards informal economy and co-optation rather than innovation. It focuses on how MNCs co-opt the business models and later modify them to create opportunities in the market.

**Chapter 6** analyses on factors influencing MNCs to enter the BoP market. This section shows that MNCs heard about Prahalad's BoP concept and this communicated to their strategies, which enable them to show interest to engage microbusinesses in the BoP market. That is about performative theory as BoP as an idea prompted MNCs to engage with local microbusinesses. Prahalad's BoP concept influence informed MNCs' strategies to consider the BoP market by co-optation and reinvention. Prahalad's introduction of the BoP concept and with its conceptual model of how MNCs could reignite profits and growth by serving the world's poorest people influenced MNCs. This created a greater strategic awareness of opportunity in LDCs.

**Chapter 7** focuses on the discussions. It provides a commentary on, and an interpretation of, the diverse set of data that were gathered in the course of this study. It uses this to reflect on the literature that had been previously explored.

**Chapter 8** summarises and records several main contributions arising from this study. It offers answers to each of the research questions for this study. The conclusion will include limitation of the research, further research direction, and concluding remarks of this study.

## **CHAPTER 2**

### **THE CONTEXT OF THE STUDY-GHANA**

#### **2.0 INTRODUCTION**

This chapter introduces some background information on Ghana, the overview of the Ghanaian economy, the current business environment, the location of the study, and explain why the country was chosen as the research setting. This chapter also examines the microbusiness development, challenges and the state of MNCs and local microbusiness' innovation activities in the BoP market of Ghana.

#### **2.1 GHANA: AT A GLANCE**

Ghana is a multicultural nation comprising of 10 regions and is situated in West Africa, bordered by Togo to the East, Cote D'Ivoire to the West and Burkina Faso to the North and the Atlantic Ocean in the south. The Ghanaian Population and Housing Census in 2010 results showed that the population of Ghana stands at 24,658,823 (Ghana Statistical Service, 2012). Comparing 2000 population figure of 18,912,079 to 2010's figure of 24,658,823, it shows that the population has increased by 30.4% over the previous one. According to Obeng and Blundel (2015), the landmass of Ghana is about 239,460 square kilometres and that is approximately the size of the UK. According to Ghana Meteorological Services Department, Ghana lies just above the equator with a tropical climate and means annual temperatures ranging between 26°C and 29°C (Osae et al., 2012).

The country is endowed with rich natural resource including diamond, bauxite, gold, oil, forest products, and water resources such the Volta River. The river serves as the source of the hydroelectric power for Ghana and its neighbouring countries. The key export commodities and source of foreign exchange for Ghana comprise cocoa, timber, gold, and bauxite. The country

discovered oil in the Gulf of Guinea in commercial quantities in 2007 (Government of Ghana 2007:5) and started the development and production in 2010. This recent oil discovery could make Ghana a major oil producer and exporter in the next few years. Below is Ghana map that shows some cities and towns where this research took place.

**Figure 1 Map of Ghana showing neighbouring countries, cities, and towns**



**Source:** <http://www.Ghanaweb.com/GhanaHomePage/Geography>

## **2.2 OVERVIEW OF THE GHANAIAN ECONOMY**

The Ghanaian economy consists of three main sectors (ISSER, 2007; World Bank, 2013) in which the BoP market commonly functions. These sectors: agricultural, manufacturing and service are the primary focus of the economic activity in Ghana. Similarly, these three sectors

divide the economy into three sectors, namely: the extraction of raw material (primary – agricultural), manufacturing (secondary), and services (tertiary). Research shows that the country has observed a substantial and immense growth of its economy and has been able to decrease poverty considerably (World Bank, 2013; Aryeetey and McKay, 2007). Regarding economic reform, Ghana is known as one of the best known sub-Saharan African cases (Kolavalli et al., 2012; Coulombe and Wodon, 2007). In 2009, the country's GDP positioned the per capita income of Ghanaians as the highest in West Africa and placed Ghana a low middle-income country with per capita GDP of more than US\$1,000 (Kolavalli et al., 2012). Conversely, the country lately turned to the IMF towards bridging the broadening fiscal deficits and stem devaluation of the Ghanaian currency (IMF, 2014). Particularly, this involves the implementation of monetary and fiscal reforms that are expected to change the prospects of Ghanaian business. The core sectors of the Ghanaian economy are examined in the next section.

### **2.2.1 The Agricultural Sector**

The agricultural sector continues to be the bedrock of the Ghanaian economy, and it contributed 39% to GDP and accounted for about 55% of employment (ISSER, 2007). Recently, its contribution declined to 22.7% to the GDP (Kolavalli et al., 2012; World Bank, 2013). Lack of appropriate technology has been a constraint to micro and small farm holders, and this seems to be one of the reasons for the low productivity in the agricultural sector. In addition, the agriculture sector mainly relies on natural rain for farming activities and this partly explains the low productivity as well.

The sector has been dominated by crop production. The most significant crop in this sector is cocoa production, which is mainly for export. A recent study established that cocoa production accounts for only 10%-15% of agricultural GDP (Kolavalli et al., 2012). The other major export commodities apart from cocoa include pineapple and timber.

The agricultural sector faces other problems which include poor access to credit, low demand, high rate of inflation, poor infrastructural development. According to Robson and Obeng (2008), the infrastructural problems that local micro and small farmers face include lack of irrigation facilities, poor storage facilities, poor road network, high transport cost, high costs of utility charges and poor telecommunication networks. The newly elected government in 2016 has observed the problem and has promised to fix them, particularly with 'one dam, one village' mantra, and agenda ([www.ghanaweb.com/politics-2016](http://www.ghanaweb.com/politics-2016)).

### **2.2.2 The Manufacturing Sector**

According to ISSER (2007), the Ghanaian manufacturing sector is dominated by agriculture-related activities which include food processing, soap and detergents, garment and textiles, timber products, furniture, machinery, and paper production, cement, and metal. Food processing, soap, and detergents are commodities that mostly dominate in the FMCG segment in the BoP market. However, some local intermediaries recently find a new trend of retailing cement in smaller containers to the poor consumers ([www.ghanaweb.com](http://www.ghanaweb.com) in Business News 2016-12-02 Article 491657). Find picture below in figure 2 indicating the retailing of cement in local containers. Indeed, this trend has begun to emerge in the BoP market as part of the cx commodities being sold.

**Figure 2 Cement being sold in smaller containers**



**Source: Myjoyonline.com**

Generally, the manufacturing sector saw an annual growth of 3.2% between 1994 and 2012 (World Bank, 2013). However, comparing this growth rate to agriculture and service sectors of the economy, this growth becomes the lowest in the Ghanaian economy. However, scholars believe that MNCs in the manufacturing segment is likely to transform the economy of Ghana (Wolf, 2004; Tsamenyi, Enninful-Adu, and Onumah, 2007; Agyeman-Duah, 2008). Nevertheless, numerous opportunities in the manufacturing sector remain untapped.

To this end, much prominence was placed on by the government of Ghana to improving the local scale manufacturing sector to diversify the economy and reduce the export dependency and increase value-addition in the industry. This has been possible because the government of Ghana adhered to the suggestions by her developing partners to give much attention to its manufacturing sector in the socio-economic development agenda.

In late 2011, an industrial plan was launched by the government of Ghana to facilitate the value-addition and improve competitiveness in the small scale manufacturing sector. This programme was designed to complement existing development strategies, and it runs until 2015. The plan aimed to improve manufacturing value chain, which includes domestic supply chain and small manufacturing firms' innovation and technology.

The country still had other problems which hinder the growth of the manufacturing sector. Such problems include high electricity costs and high raw material. These problems have an adverse impact on the economy. Some scholars (Robson and Obeng, 2008; Yusof, 2010) suggested certain factors that impede the growth of manufacturing sector and these comprise poor telecommunication networks, high costs raw materials, high cost of utility charges, lack of industrial sites, high transport costs, low quality of water supply, and high labour costs. Quite

recently, the influx of affordable imported manufacturing goods from China, in particular, has been added to the challenges faced by the manufacturing sector in Ghana.

### **2.2.3 Service Sector**

The Ghanaian service sector in over the years has witnessed an incredible growth, displacing both manufacturing and agricultural sectors. Previously, the service sector contributed little to the GDP of Ghana, but it has seen remarkable growth since 2010 (IFPRI, 2012). The service sector now dominates the economy, and it contributed to 50% to GDP, with the manufacturing and agricultural sectors contributing to 27.3% and 22.7% respectively to GDP (Kolavalli et al., 2012; IFPRI, 2012). The above figure indicates that the sector is now the largest contributor to the GDP in the Ghanaian economy and has aroused the interest of experts to examine the sector more critically.

The main sub-sectors of the service sector in Ghana include communication, transport, storage; finance, real estate and business services, insurance; hotels and restaurants, retail trade, the wholesale; government services; community, social and personal services, and producers of private non-profit services (ISSER, 2007). Rebasings of the economy recently revealed that the contribution of the services sector to GDP has thrived (Kolavalli et al., 2012). In addition, the Ghana Statistical Service (2012) revealed that between 2006 and 2011, the service sector grew at a rate of 5.9% per annum. This sector has even attracted more sub-Saharan African MNCs (e.g., MTN Company, Bayport Financial) and developed economies MNCs (e.g., Vodafone Company) operating their subsidiaries in Ghana.

In the service sector of Ghana, public services, and domestic-oriented private services also function well within the sector. Ghana Investment Promotion Centre (GIPC) (2011) stressed that the first quarter of 2011 recorded 109 businesses with an estimated value of \$378.44 million. With this record, the highest number of business registered in the service sector involves 37 organisations with an estimated value of \$83 million. The indication seems to

suggest that the sector has gradually gained grounds in the economy of Ghana. However, there are several problems with the growth of the sector, and this includes high tax and import duties; inadequate access to finance, low demand, and poor telecommunication networks.

### **2.3 CURRENT BUSINESS ENVIRONMENT OF GHANA**

Two forces support the economy of Ghana, and these are the formal and informal sector. The informal economy comprises the private sector, and about 90% of business dominates in this sector, as discussed above. In the private sector, the majority of the enterprises are the MSMEs, employing a large number of people over 56% of the labour force, which makes it the major employer in the Ghanaian economy (Spillan and King, 2017). To create a resilient economy and to ensure a flourishing business environment, there have been persistent efforts by the government of Ghana to offer the resources and inducements to realise its goals. Ghana is working hard to promote a conducive and business-friendly environment in the country. According to the World Bank 'Doing Business Team', Ghana, on two occasions has performed among the top ten global reformers (World Bank Doing Business Review, 2015). Ghana is considered to be among the best destinations in Africa to invest due to its lower risk but high returns (Ernst and Young, 2013).

Nevertheless, the private sector development continues to expose to different macro-environmental challenges that affect their day-to-day operations, including infrastructural weaknesses, weak institutions, economic, political, and cultural impediments (Chikweche, 2013; Ernst and Young, 2013; Austin, 1990). In this case, Ersado (2006) highlighted that firms in BoP markets continue to face such macro-environmental challenges in most emerging economies in the world. The challenging environment has a critical effect on MNCs and locally based MSMEs in their operations and has a negative impact on their interactions with final consumers in the BoP markets.



Other main economic challenges in Ghana comprises: low income, high interest rate, import price shocks, high inflation, shortage in foreign currencies, inadequate access to technology nationwide, high non-performing loans driven by the government of Ghana arrears, weak human capital, and declines in terms of trade (Spillan and King, 2017, UNCTAD, 2008). Not only these, other infrastructural challenges include lack of reliable electricity, poor distribution channels, and undependable transports, as well as poor roads networks, are facts of life at the country (Spillan and King, 2017). To curtail these challenges, the government of Ghana developed Public-Private Partnership (PPP) regulatory framework to stimulate confidence in the business environment and to take measures to control fiscal commitments. Thus, the current Ghana government is trying to seek ways to improve private sector to the capital market (Spillan and King, 2017).

According to previous researchers (Gyimah-Brempong and Traynor, 1999; Kauffman et al., 2007), poor governance, corruption, and weak legal systems are apparent in the country's business environment. However, corruption in Ghana is currently minimising as the state ranked 81<sup>st</sup> out of 180 in the world, which was a slight improvement of 2016 (Transparency International Global Perceptions Index, 2017). Yet, there are some of them which remain a threat to investors, such as public officials soliciting bribes for variation of favours and a home-grown corruption component known as 'Sakawa', which is similar to Nigerian's '419'. In this 'Sakawa', victims are defrauded by unknown individuals under the masquerade of being public officials or celebrities through social media. Even though the government continues to put measures in place to check this menace and other corruptions, but it is still a problem.

The Ghana government seriously checked these crimes and had established specific laws concerning public official administration and anti-corruption institutions. There is Commission for Administration and Human Right Justice, which investigate alleged and suspected corruptions and misappropriation of public funds by officials. There is also Economic and

Organised Crime Office (EOCO), which was previously known as the Serious Crime Office (SRO), which deals with investigating corrupt practices in both public and private institutions. Since 2010, this office has the mandate to prosecute and recover the proceeds gained from criminal activities. There is also a whistleblower law which aims to citizens of Ghana to freely disclose information on unethical and corrupt events to the appropriate agencies (Transparency International, 2014).

Despite the above, the government continues to make the place a promising investment destination in the sub-Saharan African economy, due to political stability. Ghana continues to attract the attention of well-known international businesses, investing in all sectors of our economy. Majority of these investors enter Ghana because the country has a social and environmental setting that is conducive to invest, grow and be thriving. The country is also committed to improving its physical infrastructure based on building on significant natural resources (Spillan and King, 2017).

#### **2.4 WHY STUDY MNCs AND LOCAL MICROBUSINESS IN THE BOP MARKETPLACE OF GHANA**

BoP concept has often employed cases and examples from places such as India, China, Brazil, and other emerging markets (Prahalad, 2004; Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Brinkerhoff, 2008; Akula, 2008; Whitney, and Kelkar, 2015). However, the findings of these studies are not transferable to Africa due to different cultures and markets. For example, results of these studies argue that MNCs had a central role to play in BoP initiatives and models, but microbusinesses in these markets in Ghana play a more important role regarding innovation at the BoP. Therefore, as many of these cases and examples coin from India and other emerging markets, there is the need to widen the empirical base to places such as Africa.

Besides, systematic research scarcely exists on the African continent and there is a call for more research (Egri and Ralston, 2008; Kolk and Lenfant, 2012) as micro enterprises development in the BoP market is relevant (Chandy and Narasimhan, 2011). Sub-Saharan Africa is crucial for this research, particularly Ghana, as MNCs use their strength to influence the marketplace (Chirango et al., 2011; Boso, Story, and Cadogan, 2013). However, less is written about MNCs' interactions with the local microbusiness in the BoP literature. In addition, the local microbusiness in this market perform an important role as most (in the retail sector) earn their livelihood by selling a range of consumer products made by the MNCs (Woodward et al., 2014; Dowuona-Hammond and Atuguba, 2008). Furthermore, the country has a well-developed foreign private business sector with historical links to the poor. Some scholars (Chirango et al., 2011; Boso, Story, and Cadogan, 2013) suggest that rapid economic growth rates were experienced by Ghana and this stemmed from direct market-based activities of private business sectors that were enabled by the policies of consecutive Ghanaian governments. This was possible as the country shows a steady democratic practice and the rule of law that provided active investor assurance in the sub-region (OECD, 2008).

Despite these positive signs, local enterprises development has been weak (Adomako et al., 2016; Kayanula and Quartey, 2000). The local microbusiness have not developed as extensively or as speedily as anticipated, even though they perform an important role, such as selling goods and services provided by MNCs to the final consumers in the BoP market. The local intermediaries often develop business models for the companies to adapt. By researching these activities in Ghana, I contribute to the literature on BoP business models. Studying this topic is necessary for Ghana.

## **2.5 MICROBUSINESS DEVELOPMENT AND CHALLENGES IN BOP MARKET OF GHANA**

In Ghana, there is a growing recognition of Micro, Small and Medium Scale Enterprises (MSME's) that play a significant role in the economic development and the description given to them as creators of jobs, the foundation of big firms and the fuel of national economic engines (Abor and Quartey, 2010). However, Ardic, Mylenko, and Saltane (2011) study suggests that SMEs rather play an important role in economic development of developed economies and employ a large number of workers. This suggests that SMEs are commonly seen as the primary engine of economic development. According to Carsamer (2009), governments at all level have undertaken initiatives to promote the growth of SMEs, and it becomes the forefront of policy debates in most countries.

Micro, small and medium have a crucial role to play in stimulating growth, employment generation, and contributing to poverty reduction. For instance, they account for about 90% of all businesses in Ghana and add about 70% to GDP (Abor and Quartey, 2010; Aryeetey, 2001; Villars, 2004). The development of this sector, generally, accelerates the achievement of wider socioeconomic objectives, in particular, poverty alleviation (Cook and Nixon, 2000).

The prior research focus of 'micro' businesses is limited (Robert and Matthew, 2015). As there is a difference between micro and small business, there is the need to see how micro enterprises perform and its impact on reducing poverty in the BoP. The two may appear similar regarding ownership and management not separated (Spencer and Rutherford, 2003). However, it is important to distinguish them from each other, given the persistent redefining of microbusiness in particular concerning the workforce in many places around the world and their economies (Robert and Matthew, 2015). Indeed, managing 1-5 employees in micro enterprises can certainly differ from managing 30 or 100 of them. One important trait of microbusiness is that

there is a greater scope for individual beliefs and moral decision making that affects the practices of the business as a whole (Spencer and Rutherford, 2003).

According to National Board for Small Scale Industries (NBSSI), a small business employs between 6 and 30 employees (Kayanula and Quartey, 2000). It is independently owned and operated and not dominant in its field. They are mostly registered and licensed to operate in the economy.

A microbusiness, which is paramount of this research, can be described as a business that has only one owner, with a total up to 5 employees including the owner (Mead and Liedholm, 1998; Kayanula and Quartey, 2000; Robert and Matthew, 2015). Because of increasing mobility and flexibility in nature in the economy, people of every age and in particular women and minorities, start their microbusinesses. There is high flexibility in the sense that things are done on their terms concerning the skills and passions. Microbusinesses are too important to be overlooked in the economy of Ghana and other parts in the sub-Saharan African countries.

In Ghana, retail microbusiness usually sells goods and services of MNCs operating in the country. Microbusiness activities enable final consumers, particularly, in various urban centres, towns, and villages and all communities get the products of these firms to consume. In addition, microbusinesses are mostly labour concentrated and are more likely to succeed in BoP markets where they can contribute to the distribution of these goods for the benefit of themselves and the final consumers. They form the final distribution chain to these MNCs and are very difficult to ignore. There is a potential for this sector to contribute towards the reduction of poverty in most developing countries such as Ghana.

The importance of microbusinesses includes improving the quality of life of poor people, expected to change the income dynamics, the creation of wealth and job in the BoP market. Their activities do create initiatives in the BoP market in Ghana, but this has been neglected in

the prior literature. MNCs were recognised by Prahalad and co. as the initiators of BoP initiatives and business models (Prahalad and Lieberthal, 1998; Prahalad and Hart, 2002; Prahalad and Hammond, 2002). However, these scholars focus less on the obvious activities of these microbusinesses in developing countries including Ghana. This study makes an effort to concentrate on this omission in the literature by examining the importance of microbusiness in developing business models and their link with MNCs in the BoP.

Furthermore, the performance of microbusinesses in developing countries has not been encouraging. Research indicates that the failure of these businesses hinges on many factors such as inappropriate managerial skills, lack of entrepreneurial skills and technology, poor infrastructure, non-availability of long term loans, and harsh operating environment (Kayanula and Quartey, 2000; Abor and Quartey, 2010; Yoshino and Taghizadeh-Hesary, 2016). While some of the challenges are induced by the environment in which they operate, MNCs in developing countries operate in suitable conditions such as cheap workers costs, and flexible legal arrangements.

## **2.6 STATE OF MNCs AND LOCAL MICROBUSINESS INNOVATIONS AT THE BOP MARKET IN GHANA**

The relationship between MNCs and local microbusinesses is that the latter sell goods and services of these MNCs to the final consumers. MNCs are on the production side while local microbusiness at the receiving ends to sell to the final consumers. As such, local microbusiness develops business models in this market to sell to the final consumers. Originally, MNCs produced these products but did not orient to focus on the BoP market but rather target the top of the global economic pyramid (TOP market). This opens an opportunity for the local microbusinesses to discover ways and means of making these products accessible, available and affordable to the final consumers. Local microbusinesses are then seen as the last step of

the distribution chain of the MNCs before the products reach the final consumers. Notably, MNCs face challenges of reaching consumers in villages and remote areas and local microbusiness enable acceleration of these goods and services to poor people in such areas.

Local microbusinesses involve local market individual sales people, micro shops owners, 'table-top' sellers, kiosk operators, and street hawkers. There are also 'Susu' collectors among the local intermediaries. The 'Susu' scheme was originated by the poor individual because the BoP consumers were unable to access banking activities (deposit and loan) for their various businesses. However, some MNCs' in financial services currently employ the services of 'Susu' collectors to dispense their money and micro loans to the local market customers in the BoP market.

Typical examples of initiatives of business models that are initiated by the BoP local microbusinesses include the telecommunications, financial (banking) and fast-moving consumer goods (FMCG) sectors, the industrial focus of this study.

First, in the telecommunication sector, the mobile phone recharge cards in Ghana by the year 2000 were as high as \$3 per recharge voucher. At the time the average poor person cannot afford to spend more than \$1.0 a day on food (Ghana Statistical Service, 2006). It was the owners of microbusinesses in BoP markets that started what became known as 'space-to-space' (communication centre booth) to help the poor access mobile telephony at a price they can afford (Acheampong and Esposito, 2014). Later on, the MNCs mobile telecommunication giant (MTN) in Africa realised the opportunity in serving this market and then devised a strategy to serve the poor by introducing credit transfer as low as \$0.35 for the poor to be able to purchase. However, with the advent of mobile phones, the company produced more various products such as calling cards and mobile money transfer into the market, which is still being operated and sold by the microbusinesses to final consumers. Currently, there exists the so called 'space to

space' mobile telephony for consumers to access in addition to calling cards for recharge personal mobile phones in the market.

The pictures below show street hawkers selling mobile phone cards and mobile money business. The mobile money business was added to the product lines and made available for local microbusinesses to operate. The consumers come to the operators to access by wiring money to their loved ones within the country, particularly in the rural areas.

**Figure 3 Different pictures of street hawkers and table-top owners at work**







**Source: Author**

Indeed, BoP scholars (Prahalad and Hammond, 2002; Prahalad, 2004; Hart and London, 2005; Hammond et al., 2007) emphasise of MNCs adopting strategies to make things affordable in the market. However, this makes local microbusinesses to be very significant in this market. Affordability strategy does not mean MNCs should sacrifice quality or efficacy whether it is a single-serve package or innovative purchasing scheme, but it is to create the capacity to earn more so that the final consumers can afford to consume more (Prahalad, 2004). Indeed, the poor might prefer single-serve packages because of convenience and managing cash flows. This is because the poor might find it difficult to save money due to lack of security and banking services (Banerjee and Duflo, 2011). Therefore, the poor might not have enough money to buy a packet or carton of 'Key Soap' produced by Unilever Ghana, which was oriented toward affluent people or top of the economic pyramid (ToP) per the traditional market system. However, they could buy a smaller piece of the soap for occasional use. Similarly, the poor might not have money to purchase a tin of 'Milo' or even a pack of sugar. Hence, the poor consumer finds it affordable and convenient to purchase locally prepared unbranded sachets for instant use since they are cheaper to buy.

There is anecdotal evidence in the FMCG market where Unilever Ghana's cash cow known as 'Key Soap' used to be long bars with an expensive price range. 'Key Soap' is a general purpose

soap used in Ghana. Local microbusinesses started buying the large bars and cutting them into the smaller bars with price ranges that the poor would afford to pay. There is similar anecdotal evidence to beverages as well where a tin of 'Milo' is purchased and prepared into smaller single-serve packages or unbranded sachets for the poor to buy. In this market, a tin of 'Milo' is locally prepared by measuring with a tea spoon per sachet and sold at affordable prices at 0.50 Cedis in Ghanaian currency to the final consumers. This option does not only create value for the poor but leads to increased consumption. The figure below shows how an owner is breaking down large bars into smaller units in Ghana for the poor to buy.

**Figure 4 Picture showing a local kiosk operator cutting 'Key Soap' bars into smaller units and locally prepared 'Milo' beverage and sugar for instant usage for sale**



**Source: Author**

Arguably, Karnani (2007) addresses the claim of affordability as a myth. Karnani was of the view that companies might prefer to sell smaller packages at lower profit margins to encourage trial and brand sampling. Besides, the BoP consumers might be deceived into thinking that a

lower price for a smaller package makes the product cheaper. Nonetheless, it appears that his views ignored the effort of these microbusiness owners' role in helping the poor to gain affordable prices in this market, which preceded the so-called 'single-serve revolution'. The single-serve approach encourages consumption and choice at the BoP as it makes unit packages small and affordable. In fact, his argument only favours BoP markets where the MNCs initiated the single-serve sachets and have created self-help groups or the HLL 'Shakti' women to distribute to their goods to rural areas. By the way, the project 'Shakti', which means 'sacred force or empowerment', was launched by HLL to tap the wide isolated rural population of villagers in the geographical area of India (Simanis and Hart, 2009). Considering the present study, the innovation of these single-serve sachets were initially produced by the local microbusiness, but the affordability and convenient prices of goods become an ultimate value to the consumers. This is because the poor might not have enough money to pay for a tin of 'Milo' or a long bar of 'Key Soap' for use but could only afford the single-serve units. Indeed, innovation is not only about the products in this sense, but about developing appropriate business models. Then, the effort of the local microbusiness owners has enabled the poor to consume and satisfy his or her needs as wanted. The main point is that the microbusiness activities play a significant role in helping the poor consumer to access the product and also enjoying the same products which are being consumed by the affluent people at affordable prices.

Another anecdotal example is from the financial sector. In this sector, actors such as the traditional collectors, money lenders and microfinance institutions led the way by serving the market in the rural catchment areas (even though with high-interest rates) with micro-credits for their clients. Later on, the large formal Banks that ignored the rural informal economy as being too risky realised that they were losing and establish their branches in these areas to serve the poor customers. The banks now engage the poor customers through the 'Susu' collectors

(Asiama and Osei, 2007; UNDP, 2008). See the picture below of ‘Susu’ collector transacting business with a client:

**Figure 5 Picture showing collector transacting business in the market**



**Source: Author**

From the above picture, the ‘Susu’ collector is using modern electronic devices provided by the Bank to enhance transacting business with the client. The Bank offers these electronic to enhance the facilitation of the ‘Susu’ business. Indeed, this new system goes a long way to increase the confidence of the customer because of the Bank’s involvement.

The above key areas of cases and examples indicate the current system of MNCs and local microbusiness in Ghana. The initiatives are always taken by the local microbusiness in the BoP market of Ghana, and the MNCs stepped in to copy and follow. The local microbusinesses have rather always led MNCs in delivering the products and services that consumers in this market want. They, then, initiate the business models in this market before MNCs come in to adjust. It is a credit to the local microbusiness for such innovations, which is necessary to be known and extended to the BoP literature. This revelation of the innovation aspect of local microbusiness in the BoP market of Ghana challenges aspects of BoP strategy originally proposed by Prahalad and co. authors.

## **2.7 CHAPTER SUMMARY**

The context of study's environment (Ghana) has been examined in this chapter. The chapter discusses the overview of the Ghanaian economy. The chapter predominantly looked at the country at a glance, current business environment in Ghana, the justification for the choice of the research context, examines the microbusiness development, challenges and the state of MNCs and local microbusiness's innovation activities in the BoP market of Ghana. Cases and examples of MNCs and local microbusiness relationship in BoP market of Ghana show that local microbusiness always develop the BoP business models and are later taken over by the MNCs. Local microbusiness are innovators in the BoP market of Ghana, flouting the original BoP concept that MNCs are the initiators of the BoP business model (Prahalad and Hammond, 2002; Prahalad and Hart, 2002; Prahalad, 2004; Hammond et al., 2007). For example, the local microbusiness started cutting the 'Key Soap' bars into smaller units before the MNCs copied the idea and brought in branded smaller units bars to replace the former. The economy of Ghana shows that the main sectors of the Ghanaian economy are the agriculture, manufacturing, and service. The service sector is now the largest contributor to GDP in Ghana. This chapter has revealed that MNCs from both developed and sub-Saharan African economies recently invest particularly in financial and telecommunication segments in Ghana.

## CHAPTER 3

### LITERATURE REVIEW

#### 3.1 INTRODUCTION

The significance of the research examined and discussed in this thesis lies in providing a more comprehensive picture of the BoP approach to the sub-Saharan African context, in particular, Ghana. The purpose of the literature review is to discuss the nature of the BoP approach that focuses on how local intermediaries became the origins of BoP business models and also how they serve as a link between MNCs and the BoP market consumers. The literature also highlights on performativity theory and BoP, regarding how they are considered to be extended in the BoP literature.

**This chapter is organised into four main sections:**

Section one presents an overview of the development of BoP concept and it underpins this research. This section deals with the evolution of the BoP concept and its debate. It also discusses how the BoP concept was defined and how far people have disagreed with this definition.

The second section deals with the initiators of BoP business models; it highlights the diversity in the BoP business models and the relationship between MNCs engaging the poor as co-creators and not recipients. Further, it highlights on a successful business model for BoP markets and establishes reasons why MNCs copy BoP business models and modifies existing products to respond to the demands of the BoP consumers.

Section three deals with performativity aspects of BoP: it emphasises on the elements of the performativity of BoP and how BoP concept become performative.

Section four further directly examines the literature on the local intermediaries regarding how they develop BoP initiatives and business models. It is divided into two parts. The first part

discusses the microbusinesses in the context of the local intermediaries and its relationship with the MNCs. Part two examines ‘Susu’ operations in Ghana and the way it collaborates with the mainstream banks to serve the BoP market micro businesses. This conclusion provides the impetus for articulating the ‘Susu’ collection system as a means of reducing poverty in the BoP market. The ‘Susu’ operators' activities are somewhat different from other local intermediaries. In Ghana, for example, Aryeetey (2008) noted that it is usually common to find that individual ‘Susu’ collectors have established offices (kiosks) at various points in cities, towns, and villages where their customers can actually walk in to make deposits and engage in other transactions. However, the World Bank (1994) report established that most of the mainstream banks are reluctant to support micro businesses since they regard the sector as unsafe. As a result, some of the mainstream banks' strategy in recent development is to pass through the ‘Susu’ collectors to reach the BoP market in order to reduce risk.

## **3.2 SECTION ONE**

The next couple of subsections unpack the evolution of BoP concept and examine how it is defined and the discussion of its debates in academic literature.

### **3.2.1 The Evolution of BoP Concept and its Debates**

The notion of pursuing profits by private enterprise to reduce large scale poverty has a long history. Previous scholars have argued that market forces and private ownership of productive assets steered to wealthy society (from Adam Smith, 1776 to Friedman, M, and Friedman, R. 1990), and recently (Hernando de Soto, 2000) made a work which stressed on entrepreneurial potential of the poor. The above history suggests that private enterprises pursuing profits and relieving large scale poverty are not a new idea. However, there has been superior devotion in the management literature on the proposition when a management scholar, C.K. Prahalad in collaboration with co-authors (Prahalad and Lieberthal, 1998 and Prahalad and Hart, 1999)

associated it with more business cases. The idea has come to be connected with the term “bottom of the pyramid” or “base of the pyramid”, BoP for short. In particular, the concept of BoP is used by management researchers, who seek to develop innovative models of undertaking business activities aimed at the poor in developing countries. The BoP concept assumes that the world's poor represent a vast untapped consumer market that corporations ought to explore (Prahalad and Hart, 1999; Prahalad and Hammond, 2002; Prahalad, 2004). They contended that MNCs are the initiators of BoP initiatives and they could do business with the poor, grow their profit and help lift billions of people out of poverty.

The BoP concept was first developed by Prahalad and Lieberthal (1998), who argued that there is untapped potential in BoP markets. By this, they mean there is a large number of people and income in the segment which can be turned into a profitable opportunity. In the original study, they looked at India and other emerging markets and framed it as people loyal to the local customs, habits, and often local brands and/or nonresponsive to international brands. This was how they initially framed it but what became known as the BoP concept went beyond that.

As the topic gained more relevance among researchers, organisations as well as managers, Prahalad and Hart (1999) further developed the work from Prahalad and Lieberthal (1998) by turning it into a more general concept and addressed it to MNCs. Following Prahalad's previous research with Hart, he collaborated with Hammond and Hart again and argued that MNCs needed to realise that the BoP was an interesting market for that products. They argued that MNCs are among the first to lead this market by selling to the poor and can make significant profits while simultaneously helping reduce poverty (Prahalad and Hart, 2002; Prahalad and Hammond, 2002). The authors further argued that MNCs successfully entering the BoP market can create win-win scenarios, with both MNCs and the BoP customers gaining from the interaction. In addition, MNCs could alleviate poverty by introducing new products and sustainable business models.



The BoP concept was originally developed for practitioners when it was launched in 1998. Due to the time lag inherent to academic publications, it only became a model that was criticised and debated after 2004. It is unusual that an academic concept was originally practitioner concept, and it is criticised as controversial. Actually, several debates have emerged which clarified approaches and definitions in the process. Proponents and critics of the BoP concept such as London and Hart (2004) and Karnani (2007) also questioned the very idea that there was a fortune at the BoP (London, Hart, and Barney, 2011).

As contentious as the BoP concept is being described amongst academics (Landrum, 2007; Pitta et al., 2008), the original proponents of the BoP (Prahalad & Hart, 2002; Prahalad and Hammond, 2002; London and Hart, 2004; and Prahalad, 2004, 2005) argued that the BoP notion is interesting and enlightening to relieve poverty in the developing countries and support their findings with several BoP studies. The critics (Karnani, 2007; Warnholz, 2007; Crabtree, 2007) questioned the nature of the concept as well as the underlying assumptions. Others argued that the proposition of BoP is too good to be true (Karnani, 2007; Karnani, 2009; Karnani, 2011); that the approach was methodically weak (Crabtree, 2007; Jaiswal, 2008); and that selling to the poor does little to eradicate poverty, however, it possibly harms small businesses and threatens local jobs as well as income (Warnholz, 2007).

Karnani (2007), in particular, attacked the definition of the BoP concept as being vague and argued that it is unreasonable to target the market since it is hard to make a profit and the opportunity has been overstated by Prahalad and co-authors. His criticism focuses on the fact that the market at the BoP is simply too small financially to be very profitable for most MNCs and larger companies. He argues that targeting this market is unlikely to be profitable due to its dispersed nature, which is very costly to serve. The contention is that the BoP regions are characterised with weak infrastructure in terms of communication, transportation, legal services and media penetration thereby making it difficult to reduce the cost of doing business,

especially in the rural areas. In addition, the BoP consumers are often geographically dispersed, and culturally heterogeneous which would increase marketing and distribution cost and make it difficult to exploit economies of scale. However, with large countries like India, there might be cultural heterogeneity, while in smaller countries like on the African continent some might be heterogeneous and others might not be. But the overall size of the BoP is also defined globally. Then, because of this heterogeneity and in order to understand the BoP, I argue that it is important to do case studies, particularly in areas that there have not been the subjects of many case studies such as Ghana.

Further debate suggests that the poor people are obviously price-sensitive (Karnani, 2007, 2011). For example, Karnani argues that the poor will not spend money on luxury items. He backed his assertion based on what Gangopadhyay and Wadhwa (2004) assumed that the poor spend about 80% of their insufficient revenue on food, clothing, and fuel alone. This assertion contradicted Hammond and Prahalad's (2004) argument that large companies wrongly assume that poor people spend only on basic necessities such as food and shelter. The poor people desire to buy other goods including luxury goods. This is because they have the right to decide how their inadequate income is spent. Prahalad (2004) argued that the poor are value-conscious consumers and they are the best to determine and judge of how to make the most of their utility.

Indeed, proponents of the BoP concept have argued that there is potential to generate substantial financial profits while producing products and services that help to reduce poverty in the BoP (Seelos and Mair, 2007; London, 2009). However, evidence suggests that such potential comes with an equally large number of challenges (Kandachar and Halme, 2008) such as an insufficient distribution network (Anupindi and Sivakumar, 2007; Vachani and Smith, 2008). Karnani (2007) established that the distribution challenges arise from the nature of heterogeneity issues at the BoP. Research suggests that cultural heterogeneity and other issues such as language fragmentation and general distrust of aliens by rural BoP communities do

generate a number of particular marketing and distribution challenges in the BoP market, making it difficult for MNCs to serve the BoP market (Viswanathan, Sridharan, Gau, and Ritchie, 2009; Kistruck and Beamish, 2010).

Indeed, several of the most well-known BoP success stories have, on close scrutiny, turned out to be either less successful than initially claimed or complete failures. For example, the market share of Annapurna iodized salt (which was one of the examples of Prahalad's book in 2004) never rose more than 10% (Ireland, 2008). 'Shakti women' that was featured in Prahalad's book became well-known since they were picked up in a lot of international management text books regarding poverty and gender issues in India (Prahalad, 2004). In India, Unilever's multilevel distribution system planned to incorporate 500,000 'Shakti' women but was able to achieve only 12,000 'Shakti women' in 2005. It was not successful because of the difficulty to reach the remote villages in the country where millions of potential consumers exist but where there is only a poor retail distribution network, no advertising coverage, and poor road and transport (Ireland, 2008).

Anecdotal evidence indicates that only communications and IT seem to fulfill the promise of the BoP approach (Ireland, 2008). For example, London-based Worldtel Ltd used to fund a telecom development in emerging markets and entered India with the idea of establishing 'rural telephones' in the early 90s. This was discussed in Prahalad's book in 2004. The company offered a unique concept of having community telephone with the sole aim of engaging local women entrepreneurs. The business model was to operate the telephone, charge a fee for the use of the telephone and keep a percentage as a wage for maintaining the telephone. The "rural telephone" project and its model became successful in India by enabling rural women to gain employment and simultaneously helped most parts of the rural areas to access telephone calls to call anyone in the world. The important point here is that the communication link altered the way the villages function and how they connect to the rest of the world.

Another well-known example in the IT services is the Akshaya project, a franchise of computer service kiosks in Kerala in India, which tries to work concurrently for social development through access to computers and financial feasibility through cost recovery and entrepreneurship (Kuriyan et al., 2008). The goal of their strategy was to make at least every one person in every family computer literate in that state. This was successful, and it has made that state India's first fully e-literate state, which continues to extend to other states. Actually, in all these examples, it was easy to access the BoP and was successful in serving the people's needs to some extent.

Indeed, evidence indicates that BoP models can work if suitable procedures are followed. For example, it was suggested that the key is to develop suitable intermediaries (Ritchie et al., 2003, Ireland 2008). Moreover, Prahalad and Hart (2002) claim that the BoP proposition can only succeed when firms become "deeply embedded" in BoP market so that they can engage in co-creation, i.e., developing appropriate products and services. For example, when Hindustan Lever Ltd. (HLL) ignored the BoP market in India in the 1990s, a local firm known as Nirma Ltd. began offering detergents products targeting poor consumers. Nirma generated a fresh business model that included a new product formulation, low-cost manufacturing process, wide distribution network, special packaging for day-to-day buying, and value pricing. HLL, which originally dismissed Nirma's strategy, realised that the company was growing quickly by engaging the market it had ignored. However, when HLL reacted with its own offering for this market, it radically changed its traditional business models. Surprisingly, HLL and Nirma Ltd became close competitors in the detergent market with 38% market share each, according to IndianInfoline.com, a business intelligence and market research service. The parent company, Unilever, later made the detergent market analysis using HLL and Nirma Ltd and found that HLL market capital has increased to \$12 billion, showing a growth 40% over the previous year. There was 25% increase in profit between 1995 and 2000. This suggests that the BoP market

can be a profitable market, particularly when the MNCs change their traditional business models.

An alternative to the BoP concept which has been heavily criticised was put forward in 2007 in terms of subsistence marketplaces. Research on subsistence marketplaces usually explores aspects from the perspective of consumers, entrepreneurs and marketplaces in subsistence contexts that aid or deter the process of fulfilling basic consumption needs (Viswanathan et al., 2010; Viswanathan and Rosa, 2014a; Venugopal, Viswanathan, and Jung, 2015). The subsistence marketplaces literature portrays subsistence entrepreneurs as those who run microenterprises in the context of poverty, for the purpose of economic survival, and are poor themselves (Viswanathan et al., 2014a).

In understanding the subsistence marketplace, it is pertinent to consider the relevant terminologies. Viswanathan and Rosa (2007) originally provided definitions for the two terms. According to them, "subsistence" signifies a state of being poor and scarcely having adequate resources for daily living. However, it does not significantly imply that there is no capital at all, as there is the possibility of other types of capital such as being rich in networks. They concluded that the term subsistence is intended to be descriptive rather than patronising. Also, they indicated that the term 'marketplace' implies that these settings habitually have rich, culture-specific, pre-existing traditions of economic exchange, irrespective of being marginalised. However, combining the two terms together, 'subsistence marketplaces' are important for the BoP approach, because both of them aim to engage the world's poorest citizens, who are usually live in a rural context in the emerging and developing countries.

Research suggests that the subsistence marketplace particularly examines consumers, sellers, and marketplace behaviours as the beginning point (Viswanathan, 2007; Viswanathan and Rosa, 2007). This augments macro-level economic and mid-level business strategy means by

providing a beneath understanding of behavioural fundamentals that underlie the economic transactions and marketplace interactions of the poor. Here, behavioural perspectives are the focus for further development, and that thorough comprehension at this level is significant for developing effective business models and innovations for these marketplaces. The subsistence marketplace approach clearly focuses on the poor consumers, who hardly make ends meet, in rural and remote locations.

The BoP approach similarly engages the global poor as well, roughly targeting the over 4 billion people living on less than \$2 a day, usually in the developing and emerging markets (Prahalad and Hart, 2002). However, the core premise of the BoP approach is that a large number of people living in poverty in emerging and developing markets present new and exceptional market opportunities for large businesses and MNCs. The approach is inspired by the notion that businesses could make profits through generating innovative products while helping to decrease poverty by enabling the poor to gain access to the market. Therefore, the BoP approach appears to present new ideas for business engagement between the world's large businesses and the world's poor individuals, particularly in the emerging and developing markets, in order to alleviate poverty.

In summary, the concept of BoP was originally developed for practitioners, but it has taken centre stage in academic discussions. It has been widely criticised by many academic authors who question the proponents of the concept and criticising the weak methodology buttressed by the case studies. Examples of success and failure mostly focussed on Indian firms and consumers. The most important alternative concept that has emerged to the BoP approach is subsistence marketplaces. This has been discussed suggesting that the approach concentrates on the perspectives of poor consumers, entrepreneurs, and marketplaces in subsistence settings with regards to their behaviour. Having discussed the evolution of the concept and highlighting

the main debates surrounding it, the next section will deal with the BoP concept behind of the research.

### **3.2.2 BoP Approach and the Local Market**

BoP concept provides an opportunity for private business to ‘do good and do well’ (Prahalad, 2004; Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Hammond and Prahalad, 2004; Prahalad, 2005). Prahalad and Hart (2002) contended that MNCs should view BoP markets as an unexploited opportunity and be proactive in fulfilling the needs and wants of low-income consumers. In tapping the huge market at the BoP, MNCs and large companies should specifically design and develop quality products and services and make them available at lower cost. The theory posits that serving the BoP is a profitable opportunity for businesses. In addition, the BoP is a social imperative, given that 4-5 billion people representing two-thirds of the world population are at the BoP and by addressing it, MNCs can limit poverty and improve the living standards of the world’s poorest. The concept aims to ameliorate the conditions of the world’s billions of poor people as well as improve the managerial practices of MNCs. However, the main contention is the question of whether MNCs are really doing good while doing well in the BoP market as the model has claimed.

BoP scholars (Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Prahalad, 2004; Hart, 2005; London, 2008) argued that MNCs should target the BoP market. This is because the scholars believe that the customers at the higher end or top of the world economic pyramid are well served already, while customers at the BoP have been ignored. Indeed, Majumder (2012) asserts that the framework of BoP takes a holistic lens through the inclusion of a consumers' model in regards to modelling the business strategy and improvement of products for MNCs. The BoP sector illuminates the growing signs of interest concerning doing business with the poor people in less developed countries while simultaneously lessening poverty. In line of BoP

proposition of transforming the world's poor people through the contribution of MNCs, the concept gained sufficient attention and attracted many scholars of different disciplines.

Prahalad and Hart (2002) argued that the BoP segment represents a viable business and support their arguments with several case studies. In the book, *'The Fortune at the bottom of the Pyramid'*, Prahalad (2004) suggests that businesses, governments, and donor agencies should desist from thinking of the poor as victims and instead see them as resilient, creative entrepreneurs and value-demanding consumers. However, it was argued that cases and examples of this book were largely limited to India (Rost and Ydren, 2006; Landrum, 2007).

Indeed, just like all other income level segments of the market, the poor also need products and services for consumption and can buy them if they are made accessible and affordable. The existing BoP model recommends that MNCs should adapt and innovate by way of designing products and services to stimulate demand for the low-income consumers in this market (Prahalad, 2004). In this regard, MNCs need to develop strategies to make packaging, pricing, and distribution in a way to influence market. However, this process was not initiated by MNCs but by local microbusinesses, who are part of the poor but could develop business models such as small unit packages to serve the final consumers in this market. Such activities by local intermediaries make them relevant in the BoP market as they are the final link in the distribution chain before the products are consumed. They develop models to sell MNCs goods to the final consumers that are later copied by MNCs.

It was indicated that there is a win-win scenario in this market as profit driven investment in the market at the BoP has a broad range of social benefits. While MNCs provide services and market products in poor communities, profit can be generated for them and simultaneously benefit the poor by decreasing their cost and improving their welfare. The Society also benefits if MNCs work with the local governments and civil society organisations to create new local



business models. For instance, MNCs should be innovative and design their numerous products in single units to be delivered to customers at the BoP, so the cost structure matches the affordability requirement of the consumers at the BoP (Prahalad, 2005). One of the MNCs frequently mentioned in Prahalad's book for sachet marketing revolution was the HLL, the Indian subsidiary of Unilever, as selling single-serve shampoo in India. This company was used as the main successful example regarding how MNCs should engage and tap profitably into the market at the BoP. My research challenges this view as sachets were not introduced by HLL as established by the book but by local intermediaries.

While the cases cited by Prahalad seem to suggest that there are potential business opportunities at the BoP, there was a lot of scepticism. In sharp contrast, Karnani (2007) opposed Prahalad's proposition that there is a fortune at the BoP. He describes the proposition as 'too good to be true', and the market is very small for most MNCs (Karnani, 2006). Other scholars, for example, Simanis and Hart (2009) also emphasis on the BoP model that focuses on the poor as innovators and business partners. This concept takes a broader view of the market opportunities available to MNCs. They propose that the people at the BoP should not only be regarded as consumers but also as producers and business partners. However, this research follows the debate but will be focussing on the local intermediaries sector emphasising of their important roles played in the market at the BoP to enable MNCs function well, but has been previously ignored in the literature.

In summary, the BoP concept is discussed, and it is the basis of this study. The concept of BoP states that businesses have the opportunity for "doing good while they do well" if they do business with the BoP market in the developing and emerging countries. The concept also proposes that the market remains largely untapped by MNCs and large organisations. People in the bottom tier of the income pyramid are poor, but they constitute a large market for the MNCs. MNCs should specially design and develop quality goods and services and make them available

at reasonable cost for the low-income consumers. Moreover, BoP concept further discusses a win-win scenario in the market of BoP as profit can be generated for companies and the poor concurrently benefit by reducing cost and improving their welfare. The concept of BoP received mixed reaction to other scholars, who rebutted cases and examples used in Prahalad's book. Several debates emanated from the concept and had been reviewed above. However, the role of local intermediaries in the BoP market has been consistently ignored in the literature. Having discussed the concept of BoP and local businesses as well as consumers, the next section will deal with the definition of the BoP concept.

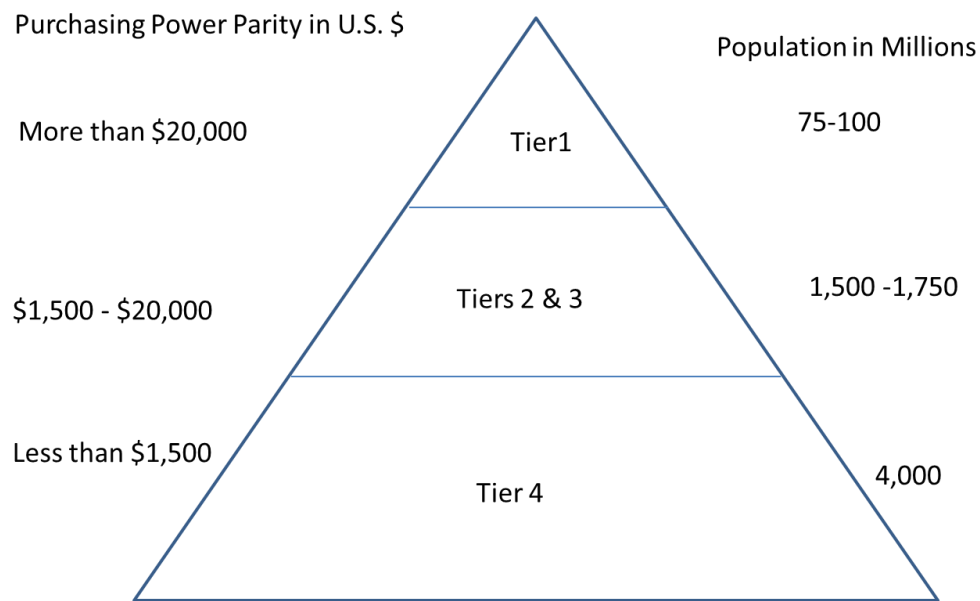
### **3.2.3 Definition of the BoP Market Concept**

There is a lack of consensus on the BoP definition in the literature regarding the exact population and income levels of the market. Prahalad and Hart (2002) specify that there are four billion people with per capita income below \$1,500 per year. Prahalad and Hammond (2002) also assert that there are more than 4 billion people with per capita income below \$2 per day at the purchasing power parity rates (PPP). Prahalad (2004) defines the BoP as 4 billion people living on less than \$2 per day, and the figure is used by Altman et al., (2009); Webb et al., (2010); and Stefanovic et al., (2007). Others defined the BoP market as 4 billion people with an annual income of \$3000 and introduced the buying power index (BPI) as a key indicator for purchasing power in BoP markets (Fitch and Sorensen, 2007; Hammond et al., 2007; Guesalaga and Marshall, 2008). According to these authors, Africa and Asia reached the highest BPI level at 76.9% and 50.9% respectively and hence offered great growth potential for MNCs. It is also noted that some studies referred to 2.7 billion of moderate and extremely poor that live on low-income levels at the BoP (Arnold & Valentin, 2013; World Bank, 2011). This suggests that there are inconsistencies with the definition of the concept regarding the exact size of the market referring to those living on low-income levels.

The main assertion of the BoP concept is that poverty can be alleviated through financially profitable activity and purchasing power parity (PPP) is used to discuss the level of income. However, the level of PPP defining the poor is controversial (Karnani, 2011). According to Karnani, MNCs repatriate profits at market exchange rates and not PPP rates. Therefore, it is difficult to place emphasis on the figures used by the proponents above regarding the level of income in PPP terms.

Irrespective of these definitional variations, most articles that appeared to provide a precise definition rely on two influential articles by Prahalad and Hart (2002) and Prahalad and Hammond, (2002). The proponents, such as London and Hart (2004) and Kirchgeorg and Winn (2006) used the classification of the economic pyramid, represented in figure 6, to describe the BoP concept. They argue that the BoP includes people whose annual PPP per year is less than \$1,500, which is less than \$2 per day. This assertion regarding the figure is famous in the BoP literature and often used by other popular scholars such as Seelos and Mair (2007); Anderson and Markides (2007), and London and Hart (2004). Kiss et al., (2012) suggest that up to 70% of the world's population live in BoP markets. Figure 6 articulates economic pyramid that shows the tiers in the world indicating the 4 billion individuals in the BoP invented by Prahalad and Hart (2002) which is often used for both management and research.

**Figure 6 The World Economic Pyramid**



**Fig. 6 Source: adapted from Prahalad and Hart (2002).**

According to them, the above pyramid covers the wealth distribution and the capacity to generate income in the world (Prahalad, 2010). Indeed, the top of the world economic pyramid constitutes Tier 1: 75 – 100 million affluent consumers from around the world. Tier 1 comprises of a cosmopolitan group of middle and upper-income people in the developed world and the rich from the developing world. In tier 2 and 3 are 1,500 – 1,750 million consumers, which include poor people in developed nations and the rising middle classes in developing countries. This is the target of MNCs emerging market strategies in the past (Jaiswal, 2008; Ireland, 2008). It is Tier 4 where they identify the BoP comprising more than 4 billion individuals, primarily living in developing countries. This is the largest segments of the global income pyramid. Their annual per capita income, in PPP, is less than \$1,500. Most of the Tier 4 people live in rural villages or urban slums. Other scholars describe this group as people who are unable to meet their basic needs for survival (Sack, 2005; de Soto, 2000). They are starving, unable to access healthcare and lack social facilities such as safe drinking water and sanitation (Arnold and Valentin, 2013). They are seen as having little or no formal education and are hard to reach via

conventional distribution channels. Yet, they have been described as a massive market opportunity for the MNCs (Prahalad and Hart, 2002; Prahalad, 2010).

Prahalad (2010) argued that there is a huge untapped market in the bottom of the economic pyramid. In fact, the foundational paper explicitly addressed MNCs, arguing that they should engage this market since they could solve the problems of the poor through their technical and financial resources (Prahalad and Hammond, 2002). Hart and Christensen (2002) also argued that MNCs should seek to identify future growth opportunities in order to ensure sustainable growth in profits and revenues by focussing on this segment. Further, Kirchgeorg and Winn (2006) highlighted that MNCs would be able to unlock the potential of BoP business opportunities because of their global resource base and superior technology. Thus, MNCs can address local customer needs and develop those markets and stimulate economic development in developing countries (Prahalad, 2010). Here, MNCs are portrayed as the main agents of change for BoP markets, reflecting the spirit of this line of research.

Other relatively vague definitions of the BoP abound. These include those indicating the BoP as 2.6 or 2.8 billion people living on less than \$2 per day, not 4 billion (World Bank, 2011). Karnani (2006) estimates their spending power to be \$1.42 trillion in PPP terms, which had previously been estimated by BoP proponents as \$13 trillion (Prahalad, 2004). Hammond et al., (2007) estimate the BoP spending power to be \$5 trillion based on a population of 4 billion people living below \$9.05 per day. Indeed, the spending power and the income level issues raise counter accusations; hence critics of the BoP have accused its proponents of significantly overstating the fortune at the BoP (Karnani, 2007). However, having the spending power to be estimated at \$1.42 trillion, \$5 trillion or \$13 trillion certainly constitutes a significant market opportunity. The issue is not just the overall size of the BoP, but distinguishing between market segments plus different countries and continents in order to understand the needs of individuals living in poverty (Kotler et al., 2006).

These differences are the results of focussing on different target populations and settings. For instance, some studies consider low-income population in a general sense which may include people living above poverty lines. Ahmad et al., (2004), for instance, associate the BoP with entire countries or regions. This suggests that the BoP is seen as the bottom tier of the world income pyramid and emphasises the huge number of people living in extreme and moderate poverty, mostly in developing countries.

However, it is important to note that there are substantial differences across national contexts and in terms of poverty levels. According to Kolk et al., (2013) examples are often drawn from initiatives aimed at low income or rural populations in general. Authors such as Zala and Patel (2009) targeted the rural population in general while Schwittay (2009) and Whitney and Kelkar (2004) focused on only rural women and slum dwellers but not the entire rural population. Others simply referred to the BoP as the poor people (Heeks, 2008). These inconsistencies are the result of the disagreements over the BoP definition in the literature concerning the precise demographic and income levels of the market.

In fact, Karnani (2007) argued that alleviating poverty depends on how poverty is defined. For instance, Kirchgeorg and Winn, (2006 p.172) defined poverty as “a situation in which a person lacks the necessary capabilities and entitlements to satisfy his or her basic needs and aspirations”. In addition, Banerjee and Duflo (2007) define the poor as people with limited resources, living at or below \$1 or \$2 per day. Indeed, people who consume less than \$1 or \$2 per day have different needs and priorities than people who may consume above the level of \$3 per day.

In effect, these definitions have generated lots of controversy and criticism of BoP research (Karnani, 2007; World Bank, 2011; Arnold and Valentin, 2013). Kolk et al., (2013) suggest that BoP populations should have a clear and explicit definition when researchers are discussing

the model. Therefore, considering the variations that exist across BoP populations, this research adopts the working BoP definition for Ghana as people living on or less than \$1, or \$2 per day criterion (to be consistent with vast previous literature in poverty definition of Prahalad and Hammond, 2002; Banerjee and Duflo, 2007), targeting rural population and simply referring to them as the poor. This is because the rural community in Ghana are considered poor since they live under \$2 per day (30% live on \$1 and 54% live on \$1.89 per day) and constitute the largest section of the economy (World Resource Institute, 2007; Ghana Statistical Service, 2012). This research also focuses on the role of Ghanaian microbusiness owners within the rural community as origins of BoP business models. The essence is to enable a better understanding of the impact of BoP initiatives of the poor in Ghana.

### **3.3 SECTION TWO**

#### **3.3.1 The Characteristics and Initiators of BoP Business Initiatives**

Recently, the BoP debate has shifted towards questions such as who are the initiators of BoP initiatives. Academic scholars (Prahalad, 2004; Simanis and Hart, 2009) referred to as MNCs and other large companies, and governments, while others pointed to local companies and SMEs as the initiators (Brinkerhoff, 2008; Dolan and Scott, 2009). This suggests that the original approach has evolved considerably in recent years; however, it is only a small number of academics who referred to SMEs or local companies as initiators. Indeed, in most of the BoP research, the scholars are almost sober in conclusion when they refer to the poor and local small firms as initiators (Johnson, 2007). My research work seeks to contribute to this by focussing on the initiators of BoP business initiatives and models in Ghana.

Kolk et al., (2013) in their review of a decade of BoP scholarship concluded that BoP initiatives are created by local small and large companies, domestic companies, social entrepreneurs, NGOs, and governments, but only rarely by MNCs even though the BoP literature commonly

cites MNCs as initiators. This suggests a more complicated relationship between profitability and poverty alleviation. Indeed, most scholars have asked the need to widen BoP research in sub-Saharan Africa of the empirical base since many cases, and examples have been originated from Indian and other emerging markets (Egri and Ralston, 2008; Kolk and Van Tulder, 2010; Kolk and Lenfant, 2012). We do not know enough about how local micro intermediaries, such as local microbusiness owners or micro entrepreneurs create business initiatives in BoP markets. Moreover, existing research is entirely silent about the contribution by the local microbusiness to the BoP market. My research addresses this gap in the BoP market in Ghana.

There is an important implication for the very notion of profitability at the BoP as asserted by the BoP proponents (Prahalad and Lieberthal, 1998; Prahalad and Hammond, 2002). They argued that MNCs have a central role to play in BoP initiatives as they can serve the poor and make profit simultaneously. Companies that are often cited in case studies of BoP initiatives include Hindustan` Lever Limited (HLL) or Hindustan Unilever Limited in India, Cemex in Mexico, Avon in South Africa, and Procter and Gamble (P&G). Even though these MNCs are commonly cited by the previous BoP scholars and proponents, they actually account for a small number of BoP initiatives (see Kolk et al., 2013). Moreover, they usually target more affluent people in urban areas of the BoP countries and not those in the rural and remote places.

Some scholars argue that MNCs do not play an important role in BoP initiatives, but rather local companies do (Katauskas, 2004; Brinkerhoff, 2008; Guesalaga and Marshall, 2008; Dolan and Scott, 2009). For example, Brinkerhoff's (2008) study focused on Nepal and how its diaspora linked to the BoP market. It highlighted that there is little documentation of formalised diaspora efforts and investments to create BoP business initiatives. The study found that these kinds of initiatives have implications for MNCs. This is because they serve as an entry point into BoP market through information technology and provide experience which MNCs use for identifying potential BoP business partners and opportunities.



In addition, a review of previous research about an indigenous leather-working industry in Niger and Smart Communications Company in the Philippines primarily addressed the BoP initiatives of local companies (Arnold and Mohr, 2005; Anderson and Markides, 2007). The findings suggest that local small companies play important roles in initiating BoP initiatives. Local companies in developing countries appear to be more active in the BoP initiatives than MNCs. However, the question is what happens to the local micro entrepreneurs and/or local individual microbusinesses in the informal economy that flourishes in most of the BoP markets? Existing research has little to say on the subject. As it is, local microbusinesses are not the same as those SMEs discussed previously, and we have very little knowledge about their activities at the BoP.

On the other hand, previous research also suggests that some BoP initiatives are undertaken by NGOs and local governments as well. For example, the BoP project by Grameen phone in Bangladesh is a joint enterprise created by a for-profit company (Telenor) and a division of an NGO (Grameen Telecom Corporation) (Yunus, 2007; Anderson and Kupp, 2008). In the same vein, to make every family computer literate, the local Kerala government initiated the Akshaya project in India (Kuriyan et al., 2008; Kelkar and Whitney, 2015). Arguably, the NGOs and local governments do initiate BoP initiatives, but as they are not for-profit organisations, they are not good examples of the original BoP notion of combining profit with poverty alleviation. NGOs and local governments clearly have a role to play in subsistence markets that BoP does not adequately account.

In summary, the initiators of BoP initiatives are not actually by MNCs, but can rather be found in small, local firms, NGOs, and governments. Given that the people at the BoP are poor and cannot spend much, it makes sense for the initiators to be local. Local companies in developing countries appear to be more active in the BoP initiatives than MNCs. Moreover, since local conditions are difficult, it requires thoughtful adaptations, which makes profitability uncertain

in this market (Kolk et al., 2013). Therefore, small entrepreneurial ventures, which are either wholly or partially funded by governments or in collaboration with NGOs, are often better at addressing these issues. It has also been discussed by previous research (Chandy and Narasimhan, 2011) that most scholars do not know much about local microbusiness activities in terms of creating BoP business initiatives. Thus, scholars have very little knowledge about their activities at the BoP. Local micro businesses play very significant role in the subsistence market, which this study emphasis on its activities as contributing to initiators in the BoP market often without significant NGO involvement and any external funding. Having discussed the initiators of the BoP initiatives, the following section will deal with the BoP business models.

### **3.3.2 The variety of BoP Business Models**

Business approaches to operating at the BoP require innovative thinking (London and Hart, 2004). Seelos and Mair (2007, p.53) highlighted that business models represent “a set of capabilities configured to enable value creation consistent with either economic or social strategic objectives”. In the same way, Roome and Louche (2016) referred to business models as the way firms do business, creating and capturing value within a value network, while Sinfield et al., (2012) considered business model as all aspects of the company's approach to developing a profitable offering and delivering it to its target customers. However, business models can also be looked at in a different perspective such as considering the models that already exist at the BoP. The business model can then be seen as the conceptual structure supporting the viability of the business, encompassing its drive, its goals and its plans for attaining them. In short, it is the way in which a company generates revenue and makes a profit from its operations (Mutis and Ricart, 2008).

Leveraging local resources and skills is essential to enter and operate in BoP markets and satisfy customer needs by providing goods and services that have radically new quality-price relationships (Tallman and Fladmoe-Lindquist, 2002). Prahalad and Hart (2002) stressed that

MNCs could draw from a global resource base and superior technology, and are therefore able to address local customers' needs and improve those markets. As a result, BoP scholars highlight the important role that small domestic companies play, as well as social entrepreneurs, NGO's, and government agencies (Dollan and Scott, 2009). Successful BoP business models are by no means only developed by MNCs, but by a variety of domestic and international organisations.

Research suggests that in order to combine profit with poverty alleviation on a large scale, organisations need to create radically new business models and create goods that are adapted to the BoP (Ricart et al., 2004; Simanis and Hart, 2009). According to Jose (2008), co-invention and local entrepreneurship are vital features in any BoP model. Affordability of products and services is possibly the principal impediment that companies need to overcome. The reason is that BoP consumers have low disposable incomes and can only infrequently purchase goods and services, if at all. Strategic BoP initiators need to develop products that match the cash flow of their customers, who are frequently paid on a daily rather than weekly or monthly basis (Markides and Anderson, 2007; Akula, 2008; Whitney and Kelkar, 2015). Apparently, some of the local customers do not work and have no or meagre income. Based on this, local intermediaries, such as microbusiness owners and street hawkers have to adapt in order to serve the low-income consumers.

Following the local examples in chapter two, it was seen that local microbusinesses developed BoP business models before MNCs entered this market segment. The original concept argues that MNCs and large companies have the capabilities to innovate at the BoP (Prahalad and Hart, 2002; Prahalad, 2004). Subsequent studies have challenged this claim and argued that large domestic firms, NGOs, governments, and SMEs are at least as important as producers or suppliers if not more (Johnson, 2007; Hahn, 2009). What previous research has failed to consider is that local intermediaries such as microbusiness owners, street hawkers, table-top,

and shop owners are the main initiators or innovate BoP model, particularly in Ghana. My research focuses on Ghana, but I argue that the structure of the BoP market is similar in other countries and that local microbusinesses are similarly important in other BoP markets. I, then, propose that the poor initiated the business models and were copied by the MNCs, which challenges the claims of BoP concept that global business can eradicate poverty by remaining profitable.

Again, the above examples also demonstrate that the local intermediaries created these opportunities by themselves and did not receive any training before they started. Mohammed Yunus (2007) has similarly argued that the poor can be self-employed entrepreneurs and create jobs for themselves. The Avon cosmetic business, for example, encourages local sales people to be trained and sell their products to the black customers in the community, with seed money provided by the company (Dolan and Scott, 2009). The system was Avon's cosmetics distribution model that was extended to South Africa, which depends on women using informal networks to sell cosmetics. These local women entrepreneurs in South Africa were provided with training and seed money to enable them to start selling Avon cosmetic products. Ghanaian local intermediaries, however, received neither training nor seed money as initial working capital when they sell the products from the MNCs. This suggests that local intermediaries in Ghana have different position in the BoP market regarding how they start their businesses.

I show that many successful business models were created by local microbusinesses, and were only later copied by MNCs. The MNCs that operate in the BoP market hence identify gaps in how existing models work and then find ways to turn them into cost-effective opportunities. Further, BoP literature regards the poor as primarily consumers and mere recipients of the BoP initiatives (Johnson, 2007; Jiang and Kandachar, 2008; Jose, 2008; Sarabhai, 2008). This study challenges that as it is not always the case since the poor may also initiate some business models

that serve the BoP market. However, whether they actually benefit from the market entry of MNCs is another question my research seeks to address.

In summary, business models have been discussed as the way in which a company generates revenue and makes a profit from its operations. I also argue that successful BoP business models are not necessarily only developed by MNCs, but by a diversity of local and international organisations. Hence, MNCs operating in the BoP market basically identify gaps in how current models work and then reinvent ways and means to turn them into lucrative markets. Brief examples and cases of initiatives undertaken by the local intermediaries in Ghana have been highlighted, which illustrate how local microbusinesses commence their business initiatives and establish relationships with the MNCs. Local microbusinesses developed business models before MNCs entered the market and copied them. Moreover, local intermediaries created business opportunities by themselves and received neither training nor seed money before they start their businesses. The next section will deal with the co-creation of BoP business initiatives.

### **3.3.3 Co-Creators, Not Recipients**

Several studies have argued that MNCs should engage the poor not just as consumers, but as employees in any BoP business model or product (Prahalad, 2004; London and Hart, 2004; Karnani, 2007; Stefanovic et al., 2007; Altman et al., 2009). However, in practice, there is little evidence that this occurs.

Nevertheless, recent studies have suggested that MNCs should engage the poor as co-inventors rather than just mere recipients of BoP initiatives (Johnson, 2007; Sarabhai, 2008; Jose, 2008; Jiang and Kandachar, 2008a). For example, a description of SC Johnson BoP initiatives suggests that it was developed based on a partnership with the local NGO rather than through collaboration with the recipient community (Johnson, 2007). Moreover, it was actually organised by the local community members together with the NGO. However, the study ironically described it as the company's initiative; meanwhile, the company just supplied them

with the chemicals for the exercise. My research aims to show that this is frequently the case and that MNCs often take the credit for the innovations of others.

On the other hand, there are few examples which stress that the poor co-invent the products together with companies. Simanis and Hart (2009) argued that the lack of examples of co-invention reflect that there are significant obstacles to these types of initiatives. For example, clusters of small leather-working firms were one of the cases that were described in a study in West Africa (Arnold and Mohr, 2005). The argument made by Jose (2008) that co-invention and local entrepreneurship should become significant components of any BoP model was not adequately discussed. My research aims to show that there are individuals in the BoP markets who co-invent products for the benefit of poor consumers who are missing from the literature on the subject. I refer to them as local intermediaries.

Given the potential for the large scale impact of BoP models and the current concerns about poverty alleviation in the developing countries, it is also essential to raise the academic debate to the next level – that of BoP local intermediaries and their co-invention. Where authors call on MNCs to engage the poor as co-inventors and other alternative roles such as partners (Kistruct et al., 2013), local intermediaries could contribute significantly. Moreover, when co-creation is considered an essential component, the assumption that MNCs are the main vehicles for serving BoP markets because of their superior capabilities looks less convincing. My research implies that MNCs engage the poor not just as customers but as co-inventors in the BoP market.

In summary, I argue that the MNCs do not create the BoP business models, but rather the local firms do. MNCs are seen as taking the credit for the innovators of others. It has also been highlighted that MNCs should engage the poor as co-creators and not simply recipients. The review stresses that there is scarcity of examples of the poor co-inventing the products and this

reflects the difficulty associated with co-invention of BoP initiatives with the poor in practice. I argue that the academic debate should take notice of the extent of co-creation going on that has been obscured by MNCs falsely taking credit for inventions in the BoP market. Having discussed the activities by local intermediaries, the next section focuses on the acceptance of the models by the companies and their modifications of the adapted products and services.

#### **3.3.4 Company's Acceptance and Strategic Modification of the Products**

According to Kistruck et al., (2013) the MNCs usually struggle to enter the BoP markets to do business with the poor. MNCs frequently lack the knowledge to overcome cultural attitudes, language barriers, and mistrust of aliens amongst the poor (Vachani and Smith, 2008; Kistruck et al., 2011; Kistruck et al., 2013). However, MNCs sometimes engage with some SMEs or franchises to distribute their goods and services to customers (Webb et al., 2010; Kistruck et al., 2013). Due to their lack of market knowledge, the products and services usually do not perform to the required standard or needs of the local consumers. The companies, therefore, research the business model operated by local businesses, which sell goods and services to poor consumers.

MNCs that operate in the BoP market usually copy business models that have been developed by the local intermediaries, rather than creating them. Research suggests that the companies do not create new products or services but that they adapt existing products by modifying some of its features to serve the customers (Ahmad et al., 2004; Anderson and Markides, 2007). The companies usually do this to satisfy certain cultural attitudes relevant in BoP markets. Indeed, companies that can do this often achieve high market share and growth in profit to their advantage (Anderson and Markides, 2007). This is because they redesign the products and services to match cultural attitudes, life style and cash flows of the consumers who are often found in this market. Whitney and Kelkar (2015) found that redesigning the products at the BoP

can support the creation of innovation that improves poor people's lives and generate sustainable economics.

Interestingly, local people in some parts of Asia developed new ways of using a product that was in existence in the market, and nevertheless, the company later redesigned the same product to suit the market demand. The consumers used washing machines for multiple tasks such as cleaning vegetables. Surprisingly, when the Haier Group Company, the Chinese leading home appliance manufacturer, realised that the poor consumers were using the washing machine for multiple tasks, the product managers asked the engineers to modify the existing product so that it could better serve the purpose (Paine and Crawford, 1998; Anderson and Markides, 2007; Prahalad, 2010). This is something which other companies' managers might have disregarded. With the same model in mind, the company modified the same machine to make cheese from goats' milk. This opportunity did not only enhance innovation, but it enabled the company to increase market share of China's domestic appliance market as the acceptability of washing machines was extended among the local users (Prahalad, 2010). This suggests that local consumers often generate new ideas for companies to adopt.

Similarly, local mobile phone operators in the Philippines successfully developed offerings for very low-income consumers after they realised that existing services were too costly. For instance, in the Philippines the most pressing issues for mobile telecommunication operators such as Smart Communications Inc. was affordability. In 2002, the poor people were about 50% of the population and were unable to afford for the lowest prepaid phone cards that represented more than 80% of their daily income. In developing strategies about how the poor in the BoP market could be reached, individual mobile-network operators successfully developed offerings for very low-income consumers. However, when Smart Company Inc. realised this, they devised means to use the same model by selling prepaid cards as low as \$2 to low-income consumers (Anderson and Markides, 2007; Weidner and Nakata, 2012). As a result, however,



small local mobile phone retailers have found it very difficult to expand their business as the large mobile telecommunication companies have crowded them out of the market. Smart Communication Inc. ensured that prices became very low for low-income consumers and introduced technologies to facilitate the process. This strategy deprived local retailers of doing such business as they were crowded out of market, given chance for Smart Communication to increase market share to become leaders in 2006 (Anderson and Markides, 2007). Hence innovation at the BoP reduced business opportunities for poor intermediaries, suggesting a significant flaw in the way Prahalad and co-authors developed the model.

MNCs operating in the BoP market often do not create the initial business models, but they just recognise gaps in how a sector is organised. They then study the differences to identify opportunities and develop means of addressing them. Although the process of analysing and transforming the gaps into a profitable venture might not be straightforward, given their resources and capabilities MNCs often succeed and control the market in the long run. Similarly, Webb et al., (2010) have argued that the BoP is a promising market for companies that have time to study the market, because of local cultures, dialects, and a pervasive attitude of distrusting foreigners, present significant obstacles which the companies have to overcome. In spite of these problems, companies operating in these markets gain economic benefits, embedded businesses which tend to initially create a successful solution that is often left behind in the process.

In summary, MNCs mostly modified existing products and services at the BoP. The companies often adapt their existing products and modify them to satisfy certain cultural attitudes, lifestyle and cash flows of the BoP market consumers. It is therefore proposed that MNCs do not create initial business models but recognise and study the gaps to find opportunities and develop means to address them.

### **3.3.5 Successful Business Model at the BoP Markets**

The BoP market models continuously challenge the traditional market strategies in the developed economies' markets. Alternatively, strategies of MNCs to successfully enter BoP markets actually challenge the traditional business models that have worked well in high-income countries (World Resource Institute, 2007). This is because the conditions in the BoP markets vary from the economic logic that dominates the developed market. The developed companies' tactics are mainly characterised with the predominance of high margins. The MNCs then face inherent challenges as they enter BoP markets to operate. These MNCs would then have to adapt the host countries' business models to enable them to operate successfully. Other challenges faced by developed countries' MNCs in BoP markets include language and cultural barriers (Kistruck et al., 2013; Webb et al., 2010; Mann & Dalby, 1987). Some scholars have made sufficient studies about the strategies adapted to succeed in the BoP market (e.g., Payaud, 2014; Oslen and Boxenbaum, 2009; Simanis, 2008). However, what they have not researched is the local business that first created these models that MNCs subsequently adapt.

Prahalad (2004) argued that MNCs' success in BoP markets depends on two conditions: high volume and low margin per unit. MNCs have to tailor their products, production, and price to meet the realities of BoP markets. This is often the case to thrive but MNCs that enter the BoP markets contrarily chase high margins for profits, flouting the conditions of BoP original notion. Prahalad's (2012) work emphasised on these two conditions above for MNCs engaging the BoP market to follow. However, the opposite occurs in such markets as some MNCs rather chase high margins. For example, in 2005 Procter & Gamble withdrew from its Pur water-purification powder after launching the product on a large scale in India because the company did not generate a competitive return (see Simanis, 2012). The company's failure was the result of their expectation of profit above 50%, equivalent to the company's products worldwide. The nature of BoP market does not support companies aiming to achieve high margins.

MNCs success in developing business model in BoP market depends on the collaboration they have with the host country's businesses. Collaboration with the local firms can ease the pressure of facing challenges such as selling to customers in rural villages and shantytowns scattered across urban centres (Simanis, 2012). Local intermediaries are knowledgeable and conversant with the process of selling to the local consumers in the BoP market. I argue that much of MNCs' success in the BoP market depends on the support and knowledge of local intermediaries who facilitate the selling of goods and services to the final consumers.

Research suggests that innovative business models are the key to the success when entering subsistence markets (World Resource Institute, 2007, Prahalad, 2010). Innovative business models do not only help to overcome the challenges at the BoP, but they also help to customise goods and services so as to stimulate demand by informing consumers. This is where local intermediaries efforts become significant as they have in-depth knowledge about these needs and infrastructural possibilities of the place or region (Kistruck et al., 2013), which could help in selling to the targeted consumers. For instance, local intermediaries have the requisite knowledge of the consumers within them in the villages and could buy Unilever's washing powder (sold in packs) and put them into unbranded sachets for the consumers to buy. This business model apparently helps to meet the consumers' demand. The Unilever Company adopted this model and incorporated into their strategies to reproduce branded sachets to meet the consumers' demand. Similarly, the case of selling ice cream in Ghana necessitates packaging in smaller boxes and not on sticks since the heat causes it to melt more rapidly. Therefore, the need for local intermediaries such as street hawkers to cover a wide area to ensure products is sold extensively to the consumers.

In sum, BoP market models cannot be the same as the traditional market strategies in the higher income markets. In order to successfully manage business conditions in subsistence markets, MNCs must accept lower margins per unit and find ways to distribute at high volume. The

MNCs' products and prices need to meet the realities of the consumers at the BoP, and local intermediaries' activities cannot be overlooked in this process. MNCs that enter the market need to consider how local intermediaries sell the existing products before they do business or produce. The next section will focus on the theory of performativity as Prahalap BoP concept has influence in the MNCs targeting BoP markets.

### **3.4 SECTION THREE**

#### **3.4.1 Performativity Theory and BoP Approach**

In this section, I aim to incite a performative theory in BoP through unleashing the influence of performativity concept to create novel and robust BoP approach. The formulation of performative concept was introduced by Austin (1962) and has subsequently been interpreted in several ways by social scientist and philosophers, leading to the following of numerous foundational viewpoints on performativity (Lyotard, 1984; Butler, 1998; Callon, 1988). Performativity theory is known to be the capacity of speech and communication that is not merely to communicate but to some extent to act or complete an action, or to generate and perform an action (Austin, 1962; Kornberger and Clegg, 2011). This definition can be related to business strategy (Guerard, Langley, and Seidl, 2013), market segmentation (Venter and Wright, 2015), and not only linguistics (Austin, 1962, Butler, 1990). It is, therefore, crucial to BoP model as in this study, which partly investigates how and why MNCs' managers show attention to BoP market in developing countries.

Austin (1975) contended that communication has a capacity of more than simply depiction or description, that is, precise examples of speech or discourse generate that to which they talk about. A typical example of such a performative statement is when during the naming ceremony of a ship, the words 'I name the ship the 'Queen Elizabeth' are pronounced (Austin, 1975). That is, Austin argued that these words do not just represent but they constitute. Some authors (Callon, 1998; Latour, 1996; MacKenzie, 2007) took seriously Austin's idea and argued that

some statements are performative and enforce it to scientific declarations that are not 'outside the world to which they refer', but are keenly involved in the constitution of the actuality that they describe (Callon, 2007, p.318). However, the idea of studying the performative role of scientific statements or theories was originated by Latour (1996) and was developed by Callon (1998).

In Callon's (1998) development, the idea of studying performative role was related to economics, in a book edited, 'The laws of the Markets'. Callon claimed that economic markets are ingrained in economics. His work laid the ground for a body of works considering the multiple processes in which economic variables, formulas or tools shape the economy. Thus, the performativity of economics theory generally defined, perform and shape the market, rather than just describing or observing how it functions. Research on performativity examines the effect of the practical adoption of a theory / model on its credibility (Durisin and Todorova, 2012). Therefore, the theory or model has in such a context the power to actually implement the changes in management practices that can make a theory/model true by construction (Ferraro, Pfeffer, and Sutton, 2009). Other researchers also suggested that for a model to become performative, it has to be embodied in tools, and then competent managers or agents require being able to transform these models into practice (Callon, 1998; Mackenzie, 2006). Thus, theories, models and approaches including BoP turn performative when they are embodied in practices and strategies developed by experienced agents or managers. In this thesis, I argue that Prahalad and co-authors introduction of BoP concept (Prahalad and Hammond, 2002; Prahalad and Hart, 2002; Prahalad, 2004) had an influence on MNCs and large companies to develop an interest in the BoP markets around the world, since it is seen as a profitable venture to MNCs. Prahalad and co-authors expressions of BoP concept do not just describe the BoP market, but rather perform an action and shape the market if the MNCs'

managers incorporate BoP strategies in their practice. This work seeks to find out how BoP concept becomes performative in Ghana.

Lyotard (1984) suggested that knowledge is developed and evaluated not concerning its truth but for its capacity to increase effectiveness. This viewpoint was applied in the field of education, but its scope can also be implemented in the business strategy. The reason is that strategy work is frequently engrossed in evaluating and ensuring the contribution of different parts of organisation's performance (Guerard, Langley, and Seidl, 2013). In this perspective, I argue that BoP concept can be a source of knowledge to MNCs as they have various resources to consider investing in the BoP markets if it is found necessary.

MacKenzie and Millo (2003) proposed a remarkable empirical illustration of Callon's thesis and accordingly became capable of envisaging options' prices of derivative markets. Mackenzie (2006) distinguished between types of performativity as 'generic' and 'effective'. Generic performativity corresponds to the basic use of an economic concept or model, while effective performativity corresponds to cases in which the use of economics 'makes a difference'. Thus, the performativity of 'an aspect of economic theory must be used in a way that has effects on the economic process in question' (MacKenzie, 2006, p.10). For example, economic processes in which economics is drawn upon are different from those from which it is absent.

Barnes (1993) also had a third type of performativity known as Barnesian performativity. Barnesian performativity was described as strongest because it affects the use in the practice of an aspect of economics which is to make economic processes more like their depiction by economics (MacKenzie, 2007). Thus, economics as performative has triggered much interest which this thesis transfers to the Prahalad's BoP model or concept and to examine the perspective of performativity. This is because to claim that a theory or model is performative is to argue that it does things, rather than merely describing (MacKenzie, 2006). In consolidating

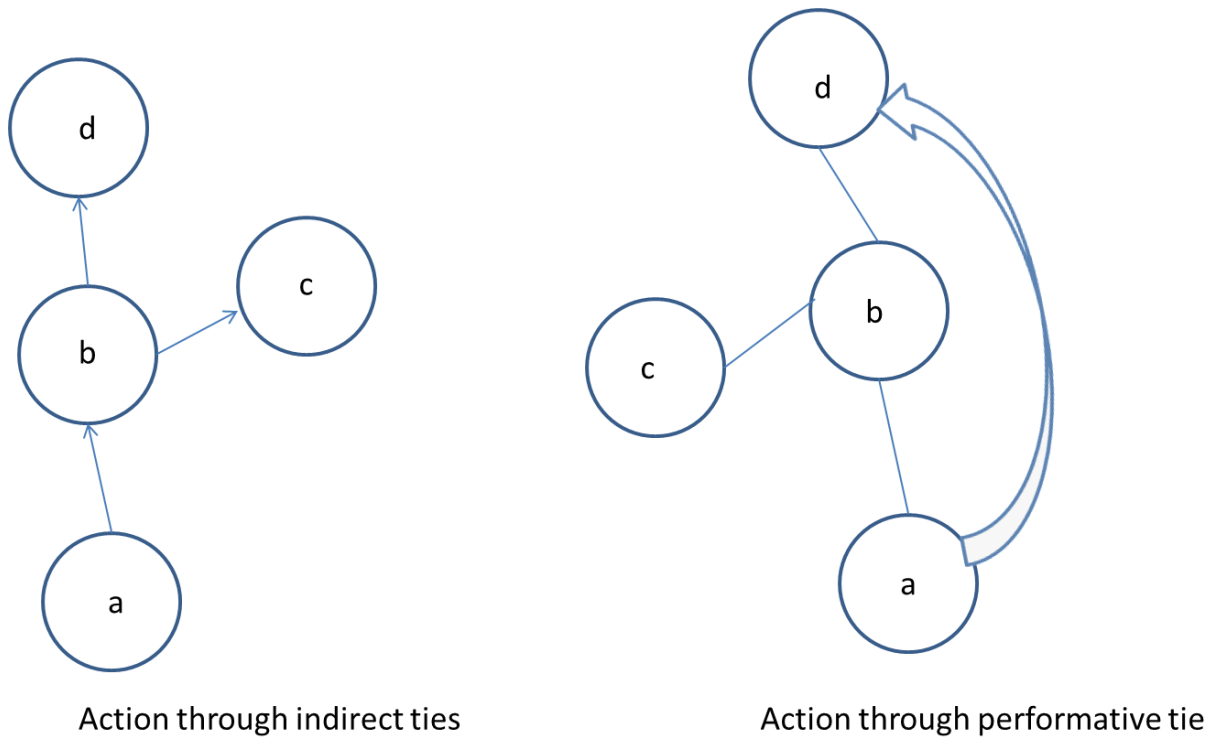
the review of the above types of performativity, the researcher would develop the thesis further by engaging critically with Callon's ideas and Mackenzie types and builds on the type of performativity in the BoP market.

The concept of performative ties will also be discussed in this thesis. The performative tie involves two or more individuals or groups that become connected following a process of pursuit (Levine, 2001, 2005). Levine (2001) explained that the individuals involved in creating a performative tie should have no transaction history or expected to develop one. That is, the performative tie should both be created and accessed at the same time. It becomes tie only when they are activated, having no prior indication of a tie between the actors involved. In the performative statement, the existence and the access are intertwined or affiliated together, and the very act of accessing it defines the tie. Thus, performative ties are not entirely foreseeable, but it occurs when it takes place since it is difficult to predict it by using existing configuration of interaction.

Significantly, performative ties are prevalent and fulfil a relevant role in knowledge transfer in the firm. The tie is expected to be observed multiple times to establish a connection between previously unconnected individuals or groups (Levine, 2005). As the groups or individuals are distant from each other before establishing the tie, the possibility of action between them is remote. In Levine's study, it was argued that performative ties exceed the dyadic (the interaction between groups of two individuals) structure implied by network diagrams.

Levine (2001) established that a performative tie could develop into a permanent tie. This occurs when the individuals or groups indicate repeated encounters professionally. However, in other times the tie can disappear after a single activation, and it is never re-accessed. A performative tie can also be explained through a network diagram or indirect ties. According to Burt (1992), indirect ties are based on social capital and on the referral of one individual to

another such as introducing two individuals to each other. The diagram below shows the difference between a performative tie and an indirect tie.



**Tie X**

**Tie Y**

From the above, an action going from A to D pass through B, serving as a mediator in tie X. However, in the tie Y, a performative tie allows A to access D without involved B as in tie X. It is clear that tie A–D could not have been anticipated from tie Y, and this is exactly what demonstrates a performative tie. Relating the above explanation to this research, the local microbusinesses in the BoP market have no history of the direct transaction with MNCs, suggesting no performative tie between them. This kind of relationship comes about when the actors have not anticipated in developing one. In developing economies, MNCs primarily established business relations with the big retailers and supermarkets in the cities but rarely with local microbusinesses in the remote areas. This research investigates MNCs entry in the BoP market, which has activated relationship with the local microbusinesses in Ghana.



### **3.5 SECTION FOUR**

#### **3.5.1 MNCs, Local Intermediaries, and BoP Market Consumers**

This section shows how local intermediaries in Ghana serve as a linkage between MNCs and the BoP market consumers. The section also examines the living standards of the local intermediaries in the BoP market in Ghana.

##### ***3.5.1.1 The Local Intermediaries***

I define local intermediaries as microbusinesses that serve as a link between the MNCs and the final consumers in the BoP markets. Local intermediaries sell the goods and services of MNCs to final consumers in the BoP market (Chandy and Narasimhan, 2011; Woodward et al., 2014). The local intermediaries also introduce many BoP initiatives, but their business models are frequently copied by MNCs. I discuss the two main types of local intermediaries in the BoP market that feature in my research: microbusinesses and ‘Susu’ collectors.

##### ***3.5.1.2 Microbusinesses and their Characteristics in Ghana***

Microbusinesses are known as the major local intermediaries in the BoP market because they form the link between MNCs and local consumers. Research suggests that local microbusiness operations serve as a route to market for goods and services all over sub-Saharan Africa (Daniel, 1999; Woodward et al., 2014; Holt and Littlewood, 2014). The local intermediaries are made up of local microbusinesses: street hawkers, kiosk operators, table-tops, and ‘Susu’ operators within the communities. The ‘Susu’ operators will be discussed separately in the next section as their activities are somewhat different from other local intermediaries. These local intermediaries are still poor, even though they are often better off than some of their peers because they have successfully reached an income for themselves. Microbusiness owners, also, constitute part of the final consumers in the BoP market.

There are many definitions for micro enterprise or microbusiness with no single universally accepted definition. Different criteria are used to define microbusiness depending on the context, such as size, turnover, employee headcount and run by that they are. Definition of

microbusiness varies across the world: for instance, it is defined as a business with five or fewer employees in the United States (Robert and Matthew, 2015), while the term refers to business with a single owner-operator with up to twenty employees in the Australia. The term is also defined in the EU as those that have fewer than ten employees and less than two million Euros on their balance sheet and a turnover of same two million Euros. There is similar category in the UK Companies Act which describes microbusiness as a business with less than ten employees and a turnover of two million pounds. In emerging markets, it is different and understood as business with five or fewer employees or with no employees and operating within the informal economy.

In Ghana, the National Board for Small Scale Industries (NBSSI) describes micro business as those that employ between one and five people with fixed assets not exceeding ten thousand US Dollars (\$10,000) which does not include land and buildings (Takyi-Aseidu, 1993; Dowuona-Hammond and Atuguba, 2008; Opong et al., 2014). The NBSSI definition, significantly, differentiated it from small businesses which employ between six and twenty-nine workers and had fixed assets not exceeding one hundred thousand US dollars (\$100,000) without land and building. The classification by the NBSSI has micro-small-medium-large enterprises (MSMLEs) as follows:

- Micro enterprise: less than five employees
- Small enterprise: between 6 and 29 employees
- Medium enterprise: between 30 and 99 employees
- Large enterprise: 100 or more employees

Other researchers such as Ekumah & Essel (2003) and Kayanula & Quartey (2000) had also used a similar categorization in their 2003 IMF working paper. The definition considered some

inherent weaknesses and arbitrariness in some of the definitions mentioned when they stand alone. In this context, the definition of micro and small enterprises (MSEs) is based on the number of employees and total turnover on investments (Kayanula and Quartey, 2000). By this classification, micro enterprise employs less than five people with a total turnover of up to \$10,000 equivalent; small enterprises employ 5 – 19 people with a total turnover of between \$10,000 - \$100,000 equivalent, and medium enterprises employ 20 to 100 people with an annual turnover of above \$100,000. Again, the use of some employees to define types of business seems appropriate because using other indicators such as net assets value to represent microbusiness brings difficulties in making comparison between enterprises because different methods of business valuation abound. However, the important issue here is that both the NBSSI and the researchers have the same definition and categorisation for micro enterprises, clearly distinguishing it from the small enterprises and others.

Indeed, for most of the world's population, being a poor micro-entrepreneur is the only way to eke out a living (Chandy and Narasimhan, 2011). Microbusiness activity often becomes the basis of entrepreneurship because it identifies essential rights of people that apply their talents, creativity, and work hard to better their lives. In most cases, the microbusinesses have self-employed owners with no employees and do not have access to standard financing options and again because they operate in the informal economy. In terms of working capital, only a small amount is needed for the business start-up in the BoP market.

Further, other studies show that most microbusinesses include one or two apprentices or paid and unpaid family workers (Mead and Liedholm, 1998; Kacou, 2010). Indeed, they have limited levels of investment and are typically located outdoors or under a roof with easy accessibility from the street with marketing success mostly depending on the location and word-of-mouth promotion tactics, particularly in West Africa (Tinker, 2003; Ibro et al., 2006). In Ghana, microbusinesses flourish everywhere – in homes, on the street, in temporary structures, and in

most sophisticated edifices and they are commonly referred to as local intermediaries (Dowuona-Hammond and Atuguba, 2008). Indeed, they are scattered everywhere because the poor often migrate to urban cities such as Accra, the capital, Ghana, to engage in microbusiness activities like street-vending to make ends meet.

The greatest number of microbusinesses specialise in retailing since they often sell goods or services for local consumers' needs. For instance, Holt and Littlewood (2014) study found that microbusiness activities serve as a route to market for both locally and internationally sourced goods in the informal economy (see Ibeh and Nwankwo, 2015). Thus, microbusinesses act as intermediaries between MNCs and local consumers in the BoP market. This is because the range of consumers' goods and services being sold by local intermediaries are made by MNCs (Daniel, 1999; Woodward et al., 2014). Consequently, it is argued that MNCs in this region meet their purposes by serving the BoP market through microbusiness activities. However, irrespective of this role by these microbusinesses, most of them are seen as living hand-to-mouth and struggle daily to escape crushing poverty (Kacou, 2010; Prahalad, 2010). This study investigates this issue to tease out local intermediaries activities and bring them into light, with respect to their models and living standards at the BoP market.

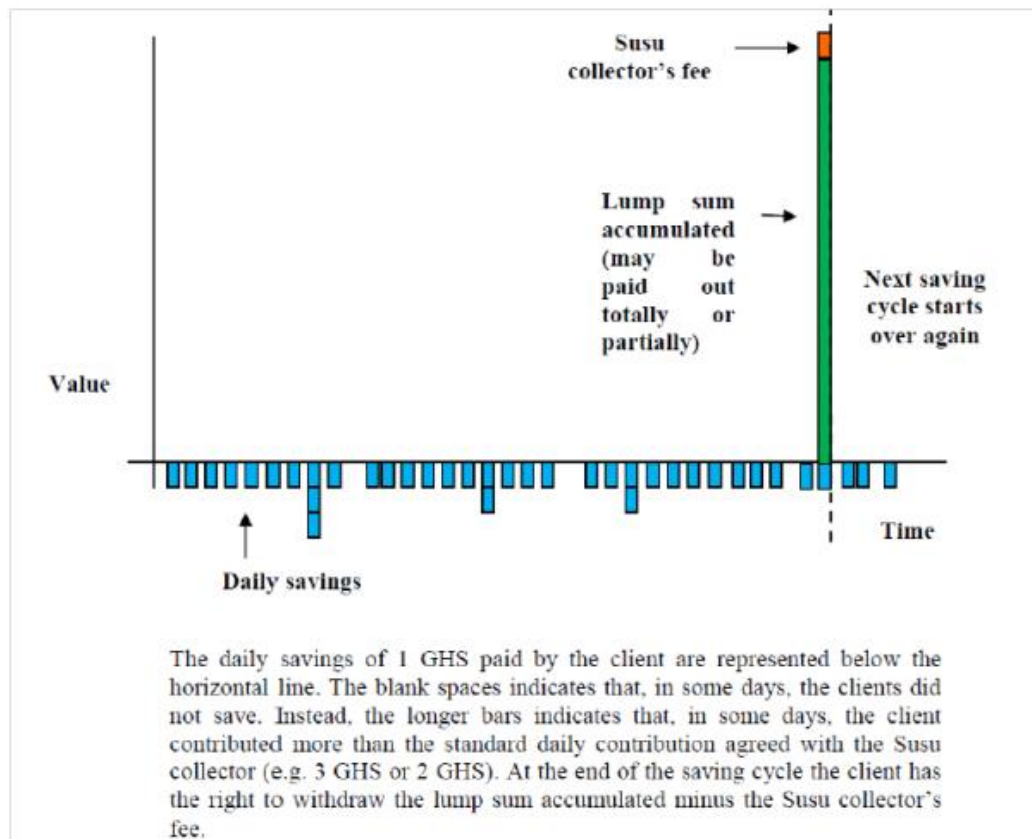
### ***3.5.1.3 'Susu' Operation and Mainstream Banks' Collaboration in Ghana***

'Susu' is believed to be one of Africa's most ancient traditional systems of banking and has over the years been a pathway to mobilise funds to start and develop many local microbusinesses. The scheme exists in most parts of West Africa, and it has become an integral part of local microfinance. These credit circles have different names across West Africa: Yoruba in Nigeria called it 'Esusu', 'Nago' in the Ivory Coast, and 'Yesyes' in Togo (Sibel, 2001). In Ghana, the term 'Susu' is an indigenous Ghanaian language of the largest tribe, Akan, but it is believed to have originated from the Yorubas in Nigeria in the 16<sup>th</sup> century (Aryeetey and Steel, 1994; Sibel, 2001). In the Akan dialect, the term 'Susu' means 'small small' since it

shows the saving contribution paid on a daily basis by the economically active poor in the BoP market that decide to join the scheme (Osei, 2007; Derban, 2007). Indeed, 'Susu' is well established in Ghana and irrespective of how it is called, it has the same function wherever it operates.

'Susu' is an informal financial identification for daily or weekly deposit collection for the people in the lower-income group. is referred to as some form of banking because it is a system of trading that comprises regular collection of fixed amounts that are made available to the owners after a specific period. Indeed, 'Susu' business offers a saving vehicle to their customers since it enables them to save (World Bank, 1994; Aryeetey and Steel, 1994). 'Susu' collectors subtract one day's amount used as commission, and this commission amounts to about 3.33% (World Bank, 1994; Aryeetey and Steel, 1994). The deposit is also made available when required by the owners or to the borrowers within the scheme. Basu et al., (2004) stressed that collection can be seen as a system in which a person decides to make a daily contribution to someone else, the operator or collector, for an agreed period, usually a calendar month. The 'Susu' collector is remunerated with a fee during collection for the service done. See the figure 7 for 'Susu' collection system in Ghana.

**Figure 7 The process of ‘Susu’ collection system in Ghana**



**Source: adapted from Roberta (2013)**

Figure 7 explains that the ‘Susu’ collection scheme provides a way of saving up. Roberta (2013) established that the clients of ‘Susu’ scheme are those that are usually excluded from the mainstream banking system and cuts across a great variety of socioeconomic groups, including micro and small businesses in the BoP market. The money is supplied to their clients at their various collection points or work places.

‘Susu’ is categorised as an informal financial institution of the Ghanaian economy and operates on a collateral free system which depends on trust and guarantees to reduce risks (Alabi, Alabi, and Ahiawodzi, 2007). In fact, ‘Susu’ functions everywhere in Ghana and it is believed to have contributed essentially to the development of microbusinesses. Considering the long period ‘Susu’ has operated in Ghana, it is a well-established financial service in the informal economy.

In recent years, mainstream banks which previously rejected ‘Susu’ decided to work with ‘Susu’ collectors for the first time.

In Ghana, ‘Susu’ operators now also serve as intermediaries as they now form the link between the mainstream banks which are mostly multinationals and the BoP microbusinesses as their customers. Certainly, most of the mainstream banks, which previously saw the BoP sector as too risky, now collaborate with the ‘Susu’ collectors to reach the same market. Barclays Bank is among the few banks in Ghana that have implemented the ‘Susu’ concept as a microfinance product (Osei, 2007, UNDP, 2008; Rutherford, 1999). For instance, Barclays Bank Ghana extends their services to the BoP market customers through the ‘Susu’ operators and labels it as an original initiative that extends microfinance to the people with low income. In fact, Barclays just called it ‘the Ghanaian Microfinance’. Barclays Bank argues that a truly financially inclusive society can only be attained by supporting existing and indigenous financial institutions, which already offer financial services to the low-income group (Alabi, Alabi, and Ahiawodzi, 2007; Derban, 2007; Osei, 2007; Roberta, 2013). ‘Susu’ collectors themselves belong to the BoP and associating with them enabled Barclays Bank Ghana to capitalize on the financial ties existing between ‘Susu’ operators and their clients. Barclay’s approach in Ghana is in line with financial inclusivity standards advocated by the UNDP (2008).

‘Susu’ operators are significant because they take banking to the doorstep of the non-banked in the rural population. Traditionally, ‘Susu’ collectors have provided an informal means for Ghanaians to save and access credit. However, a recent study suggests that the industry is troubled with fraud and other illegalities as available statistics show about 69 percent of ‘Susu’ collectors are not registered (Alabi, Alabi and Ahiawodzi, 2007). According to World Bank (1994), ‘Susu’ is the primary source of fund mobilisation for many micro and small businesses in Ghana. The World Bank (1994) report suggests that most of the mainstream banks are

reluctant to support local microbusinesses since they regard the sector as unsafe. As a result, some of the high street banks strategies are to pass through the ‘Susu’ operators to reach the BoP market in order to reduce risk. The mainstream banks, therefore, indirectly engage the BoP customers through the ‘Susu’ collectors to do business. The activities of ‘Susu’ operators are believed to have enormously contributed to the microbusiness operations regarding funding of their businesses. In addition, the microbusiness owners can receive a micro credit advance with a predetermined interest rate averaging 3% - 10% from the ‘Susu’ business (Aryeetey and Steel, 1994; Osei, 2007). In essence, the ‘Susu’ system appears to be a dependable and profitable financing mechanism for the BoP market.

‘Susu’ has evolved over the years and it is usually operated by one and five people. Barclays Bank, for instance, believes that even though the contributions from these ‘Susu’ businesses are too small for the big banks, the whole sector amounts to £75 million in Ghana (Derban, 2007). Through collaboration with mainstream banks, ‘Susu’ has been transformed in Ghana. ‘Susu’ businesses have been rebranded from labour intensive skills to simple technology. Electronic gadgets and sales devices such as counting machines and application software that track deposits are used for its operation in the BoP market. Through the collaboration with the banks, the application software enhances the operation of the ‘Susu’ business and reduces the risk associated with it previously. The use of the application software motivates the high street banks to engage the service of the ‘Susu’ operators as it can be used to check their operation within the catchment area or a particular market (Derban, 2007). Thus, it was positive impact of MNCs.

‘Susu’ operators have an association known as the Ghana Cooperative Susu Collectors Association (GCSCA). GCSCA has observed an improvement in the control of clients’ savings since the Bank of Ghana started implementing new regulations for operators. The association now has a responsibility to intensify capacity building of members to deliver efficient and



affordable financial services to the non-banked. The literature suggests that ‘Susu’ creates access to productive capital for the poor that in association with knowledge, hailed through education and training, and social capital, attained through local organisation building, enables individuals to escape poverty (Otero, 1999). Irrespective of the efforts play by ‘Susu’ collectors, their collaboration with the mainstream banks appears not to be acknowledged, and they still live in poverty. ‘Susu’ collectors’ activities serve as a link between mainstream banks and the BoP market customers. However, the collaboration has not seen a significant reduction in poverty on the side of the ‘Susu’ collectors.

To summarise the key points from this section, it was noted that research on local intermediaries have shown that they are the link between MNCs and consumers in the BoP market. Local intermediaries were identified as local microbusinesses and included local micro store owners, street hawkers, kiosk operators, table-tops, and ‘Susu’ operators within the communities. The definition of microbusinesses is based on existing research and the National Board for Small Scale Industries (NBSSI) definition for Ghana. Microbusinesses are not the same as small business in Ghana as the definition clarifies it. Finally, it was also highlighted that a large share of microbusinesses specialises in retailing, selling products and services for the local consumers.

Finally, the ‘Susu’ business model discussed in detail, highlighting it as an integral part of local microfinance which helps raise funds for local microbusinesses. ‘Susu’ operators serve as intermediaries as they form the link between the mainstream banks (MNCs) and the BoP microbusinesses as their customers. As a result, ‘Susu’ was seen as some form of banking as it comprises of regular collections of fixed amount of deposits that are made available to the owners after a specific period of time. Through the collaboration of mainstream banks in Ghana, ‘Susu’ operators can be classed as local intermediaries who provide access to capital for local microbusinesses.

### **3.6 LIVING STANDARDS OF LOCAL INTERMEDIARIES IN THE BOP MARKET IN GHANA**

The concept of living standards has no universal definition. The standard of living was conceptualised and interpreted in different approaches including material things and human development focus (Easterline, 2000; Berges, 2007). Living standards were seen as individual's material well-being about material possessions (Jensen et al., 2002; Easterline, 2000), and was later contested to include human development (Berges, 2007). It was still debated that living standards are the level of wealth, comfort, material goods, environmental safety, political and religious freedom, and necessities which are available in this socioeconomic group (Easterlin, 2000). Following this development, the United Nations came with an objective approach to the measurement of living standards and included factors such as gross domestic product (GDP) per capita, employment, life expectancy, education and health levels (United Nations, 2014). This means that living standards refer to different things in different contexts.

The owners of local intermediaries' living standards are an increasingly important issue. Economic crisis inhibited the development process of many developing countries in Africa and had a high impact on indigenous microbusinesses that play an important role in these countries (Abor and Quartey, 2010). Improvement of local intermediaries' business seems problematic, which has adverse effects on their livelihood. Some scholars suggest that many of the local intermediaries in BoP market of Ghana have poor living conditions in terms of health care, nutrition, literacy, sanitation and income levels (Agyei et al., 2016; Kwankye et al., 2009). However, there is relatively little empirical study on their business activities with MNCs and measures to improving their living conditions in the BoP market despite the fact that their activities contribute to the socio-economic development of the nation. This research, then, examines the local intermediaries' activities in the BoP market and investigates the perceived assessment of their living standards before and after they engage with the MNCs.

Indeed, the living conditions in the BoP market in terms of environment in which many local intermediaries operate are poor. For instance, local intermediaries such as ‘Susu’ collectors, street hawkers and roadside kiosks work in poorer settings and are exposed to the vagaries of weather conditions as well as traffic or robbery (Kwankye et al., 2009; Yeboah et al., 2014). Agyei et al., (2016) argued that some local intermediaries’ safety in terms of their normal daily activities in the market is questionable as they walk in the sun and on streets to make sales. In addition, Baah-Ennumh and Adom-Asamoah (2012) found that local intermediaries often walk in muddy footpaths that are inaccessible by vehicles. Apparently, these poor environmental conditions have adverse effects on their health (Agyei et al., 2016).

In a study of evaluating the effects of head porter on standard of living in Ghanaian informal market, indicators such as access to health care, access to income, and accumulation of durable assets were used (Agyei et al., 2016). The study found that almost 31% perceived that their standard of living has considerably improved. The remaining 69% reported deteriorated standards of living, but it was due to low income and unfit accommodation. This is an indication that many people at the BoP market suffer from poor living conditions in Ghana. The current research examines the living standards of the aforementioned local intermediaries in the BoP market and uses perceived self-assessment (Sedikides, 1993; Sedikides and Strube, 1997) with indications on environment and safety, feelings, education, income level, durable assets achieved, and quality of life before and after the companies entered the BoP market to do business. Sedikides (1993) has argued that self –assessment becomes the process of looking at oneself in order to examine various aspects that are significant to one’s personality. In essence, the findings would have important implications for future policy development in relation to the welfare of the local intermediaries and how their business relations with MNCs will improve in Ghana.

MNCs entry in the BoP market may put local intermediaries at a disadvantage rather than improve their living conditions. Local intermediaries facilitate the selling of MNCs goods and services to final consumers in the BoP market, making them very important in the distribution process. While MNCs are encouraged to do business with the BoP to bring prosperity (Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Prahalad, 2004), their business affairs with the local actors should be a concern. The analysis of owners of local intermediaries' living conditions after MNCs entry in the BoP market has received scant attention so far.

### **3.7 SUMMARY OF THE LITERATURE**

The literature began by considering how the BoP concept was developed for practitioners and subsequently criticised by academics. The lack of exactness of the definition has generated controversy. The prior research claimed that MNCs initiate BoP innovations, but more recently scholars have taken issue with this claim and instead suggest that the initiators of BoP initiatives are the SMEs. I argued that the originators of BoP innovations are from the local intermediaries, e.g., microbusiness owners in Ghana. The BoP concept maintains that businesses have the opportunity for “doing good while they do well” if they do business in subsistence markets in the less developed countries. With regards to BoP business models, the literature argues in favour of BoP business model initiated by the local intermediaries rather than MNCs and contends that MNCs just copied the business models and reinvented their strategies to serve the market. The notion that MNCs engage the poor as recipients does not work in practice. I will argue that MNCs just identify gaps in the market and then develop cost-effective solutions that often put poor local intermediaries at a disadvantage.

The literature also emphasised on some performativity elements of BoP and explained how it was necessary to incorporate in BoP concept. Performative tie between MNCs and local intermediaries would be investigated further to establish how MNCs developed attention to the

BoP market in Ghana. The section was ended with how these concepts should be explored in the BoP literature.

The literature concludes on the local intermediaries' role and the MNCs in the BoP market. The local intermediaries include local microbusiness owners such as kiosk operators within communities, street hawkers, roadside table tops and market traders. 'Susu' operators have been described in detail due to their particular business model. 'Susu' collectors are seen as part of the local intermediaries since they currently link the mainstream banks and the customers in the BoP market. Clearly, 'Susu' collectors provide financial services to the poor and their services were seen to be very significant within the BoP market, particularly in Ghana. The literature review aims to establish how local intermediaries in Ghana serve as a link between MNCs and the BoP market consumers. It is through these local intermediaries that MNCs products reach the people in the BoP market, and I argue that their activities should be considered in greater detail in the BoP literature. Finally, the living standards of local intermediaries were examined, specifically the role of self-assessment in determining living standards in poor communities.

## **CHAPTER 4**

### **METHODOLOGY**

#### **4.1 INTRODUCTION**

This chapter describes the research philosophy, methods employed and its justification, and time horizons in the primary empirical study. It begins by discussing how the research strategy is guided by the aim and questions and then provides an appropriate choice of design. This is followed by a detailed description of the research sample of 54 participants (18 MNCs' managers and 36 owner-managers of local intermediaries), sampling strategy employed and its justification of the size, as well as a discussion as to why and how primary data were collected using semi-structured in-depth interviews. Interviewing process and other matters involved will be discussed including a mono-cultural issue. The chapter also discusses analyses techniques for this research and the evaluation of the methods, with a focus on the extent to which these methods are reliable and valid, and ends with ethical considerations and the summary.

#### **4.2 RESEARCH PHILOSOPHY**

This section emphasises on the philosophical thinking behind this investigation. There is a debate in the social sciences and management literature regarding the most suitable philosophical underpinning from which methods should be derived. However, the researcher, thus, found post-positivism base as necessary to achieve the aim and objectives of this study. Post-positivism is a philosophical stance that believes that all observations are theory-laden and that scientists are fundamentally influenced by their cultural experiences and world views (Popper, 1963).

As a post-positivist investigator, the expected conclusion should be valuable as it intends to have a learning role rather than testing one since it can be partial or reversible (Ryan, 2006).

Ryan (2006) argued that the post-positivist researcher takes up the role of a learner, rather than testing theory, and this is in line with this research.

Regarding epistemology, post-positivists contend that the investigator and the phenomenon being investigated are wholly independent of each other since the researcher's theoretical background, knowledge and values can be permanently biased what is studied (Robson, 2011). This suggests that a researcher can be influenced by the theory, background, values, and knowledge of what s/he believes. This raises the question of what the positivist think is the objectivity (Guba and Lincoln, 2005). Post-positivist would argue that objectivity is not the characteristic of an individual; it is essentially a social phenomenon. Also, this research did not keep separate the theory and practice as it is the features of the post-positivist researcher (Ryan, 2006). The BoP concept and the environment in the economy are examined together with the view of investigating how the actors work in this context.

Post-positivists stance is also recommended for this study because it makes efforts to build theory. This is in line with the methods of analysing this research as the approach is to a large extent on concept/theory development and bring rigour in qualitative research (Corley and Gioia, 2004). Thus, the Gioia method was used to develop theory, and it is largely a post-positive stance of philosophy.

Post-positivism also knows that all observation is fallible and has inaccuracy and that all theory is revisable (Hacking, 1983). Where positivist believes that the goal of science was to discover the truth, the post-positivist considers that the purpose of science is to hold steadily to the goal of getting it right about reality, even though that goal can certainly not be attained (Creswell, 2013). The line of argument on the philosophical stance of post-positivism is convincing in the case of business and management research, particularly in developing countries, making post-positivist philosophy more fit for this research.

The following sections provide a rationale for and description of the research methods and the description of the chosen one, research design and rationale for choosing case study in this study as well as the time horizons.

### **4.3 RESEARCH METHODS**

The selection of research methods is an important issue. Research methods in social science research are classified as either quantitative or qualitative. These two types of method are selected based on the type of data collected and how it is processed. The qualitative research describes a broad range of research methods that use an interpretive, naturalistic approach to its subject matter (Denzin and Lincoln, 1994; Gephart, 2004). Qualitative methods are often referred to as field research, and it is frequently used to describe relevant observations of social behaviour with no preconceived hypotheses to be tested (Rubin and Babbie, 1993). It is often used as a synonym for any data collection technique such as interviews, or data analysis procedure such as categorising data that generate or use non-numerical data. It provides a detailed, rich and extensive account that helps to understand and describe the complex, dynamic and multidimensional nature of phenomena, and aims to generate ideas and concepts (Ritchie and Lewis, 2003; Saunders et al., 2012). Qualitative researchers seek to gain an in-depth understanding of human behaviour and the reasons that govern such behaviour. Also, qualitative methods aim to build or extend theory and use inductive approaches. The qualitative approach selected for this research project is further detailed below.

#### **4.3.1 The Choice of Research Method**

Given the nature of the research questions, a qualitative research method was an appropriate methodological approach, which enabled the researcher to concentrate on the strategy to build understanding for MNCs' and local intermediaries' business affairs in this context. The choice



is also based on an idea that qualitative research addresses questions about how social experience is created and gives meaning (Denzin and Lincoln, 2000; Gephart, 2004).

In understanding these questions, the researcher considered some assumptions inherent to this study. These are concerning issues about how MNCs operate in the BoP markets and who develop BoP business models - MNCs or local intermediaries? Also, other assumptions include the role of local microbusinesses in this market and how MNC's relate to them. Besides, the researcher was required to investigate whether BoP concept has any influence on the MNCs' managers to engage microbusinesses or what motivated MNCs to enter BoP market? The assumptions and research questions address the nature of MNCs' business with the local intermediaries in the BoP market.

Furthermore, the nature of the research questions brings flexibility in the approach to qualitative research. Indeed, Gephart (2004) pointed out that flexibility allows for bigger naturalness and adaptation of the interaction between the researcher and the study participants. Also, qualitative research provides insights that are difficult to produce with quantitative studies.

Indeed, the nature and the context of this research require a thick, detailed description of the local intermediaries' activities and the MNCs conduct in serving the entire BoP market of Ghana. This is because the purpose of the research is to understand the participants' point of view and experience (Kvale, 1996; King, 2004a), as was the case in this study. This requires qualitative research especially when this study is taking place in sub-Saharan Africa country like Ghana. It also requires main participants (MNCs' managers and local intermediaries' micro business owners) to explain how they start and adapt business models, how they identify opportunity, and how MNCs entered this market. Given these considerations, the researcher selected a qualitative research strategy for this research, since the nature of the study was exploratory and thus fits with inductive approach stressing the generation of theory, somewhat

than testing existing theories. The above justifies the use of qualitative rather than quantitative methods.

Moreover, to do real research, asking the right question and picking the most powerful method for answering the particular question is very important (Bouchard, 1976). In this study, the central issue investigates how and why of participants introduced and copied business models. Notwithstanding the above, this research also seeks to present insights into the way participants in the subsistence market understand the concept of BoP and also make sense of their business activities with the local microbusinesses. For instance, the MNCs' participants were asked to answer questions on how they interact with the local microbusinesses at the BoP market, focusing on whether they adapt their business models or develop it themselves. Given this, the researcher has chosen qualitative data collection, such as interviews, phone calls, and follow-up emails to gather required information for the study.

#### **4.4 RESEARCH STRATEGIES**

Saunders et al., (2007) emphasise that research strategy encompasses the broad plan of answering the research questions by the researcher. It stipulates the sources from which the data is proposed to be collected, the limitations which they intend to have such as time, access to the data, funds, and settings as well as ethical concerns. The choice of this strategy, which is discussed below, is guided by the research questions and objectives as well as the extent of the existing knowledge and the philosophical foundations. This study is aimed at elaborating our understanding of MNCs and local intermediaries' business affairs in the BoP market of Ghana. To answer the research question and satisfy the research purpose and objectives, information on how business models are developed, business relationships, how the MNCs enter the market to do business, and others have to be collected from selected participants (local intermediaries and MNCs' managers) from Ghana.

In this research after a careful consideration of the numerous research strategies, the researcher opted to use case study design. The case study was the most appropriate as it helps the researcher to gain a rich comprehension of the perspectives of the research as well as how the process has been enacted (Morris and Wood, 1991). According to Ghauri and Gronhaug (2002), case study design is the “common research strategy in business and community planning” (cited in Yin, 2003, p.1). The strategy is discussed below.

#### **4.4.1 Case Study Design**

This study adopts case study design, particularly multiple case studies because it involves more than one instance of cases. It also includes the use of empirical investigation for the phenomenon under study in its real life context. The case study design fits well with this study as the aim was to explore the process of ‘how’ and ‘why’ business models are developed and how MNCs relate with the local intermediaries in Ghana, and this requires an in-depth description nature of the phenomenon (Yin, 2003, 2014). Richardson and Montanheiro (1995) contend that case studies offer greater flexibility in the types of pieces of evidence they provide in qualitative or quantitative data and even with mixed data. Indeed, the strategy adopted was important as it explores the existing BoP theory with empirical evidence about the subject matter being investigated from the context.

The researcher used this design to understand the phenomenon under study, which is frequently associated with little or no existing database for reference. The multiple case study design was followed in line with Eisenhardt and Graebner (2007), and the essence is to allow greater exploring of research questions and theoretical development. Given the focus on different companies and local intermediaries, the design will enable understanding in the differences and similarities concerning the cases (Baxter and Jack, 2008) and that will make the findings created from this study to be measured robustly and reliably. The advantage is that the theory developed from this research will be more convincing especially when the findings are hugely

grounded on empirical evidence. Apart from that, considering the philosophical base, research objectives, and method, multiple case study selection is suitable and justified for this study.

According to Yin (2003), the preferred strategy to answer the questions "how" and "why" is case study design. This research is also about specific MNCs and individual groups such as managers and owners of microbusinesses, as well as specific context to answer the questions 'what and how', and 'why' in this study. Indeed, anchored in real-life situations, the case study presents a rich and holistic account of the phenomenon investigated. Each case offers valuable information to be learned, making the research design suitable for this study to be multiple case studies.

Also, multiple case studies were also employed due to its diversity. As this study looked at the differences within and between the cases, the chosen design helps to denote the exact initiative strategies of each sector of the industry sectors under investigation. Several studies pointed out that a multiple case study enables the researcher to explore differences within and between the cases (Eisenhardt, 1989; Yin, 2003; Eisenhardt and Graebner, 2007). The exploration of the differences within and between the cases elucidated precisely the engagement of MNCs and local intermediaries' activities in the BoP market.

Further, the rationale behind the use of multiple case study design is that it provides the rigour which is essential to this study. Evidence suggests that multiple cases are frequently considered more compelling, making this study as more robust (Herriott and Firestone, 1983). As it is, every case serves a particular purpose within the overall scope of inquiry and requires a comparative approach to the study. The choice of the multiple case studies enabled the researcher to create and validate the findings as replication and extension in the individual cases would be possible. The theoretical assumption derives from the cases can be replicated, and this

can help to confirm or refute theoretical assumptions (Eisenhardt, 1989). Based on the above, the use of multiple case study design becomes a rational choice of this study.

#### **4.5 TIME HORIZONS**

The study adopts cross-sectional time horizon anchored in qualitative design. The main idea of a cross-sectional research is that an individual phenomenon is investigated at a particular point in time. A cross-sectional time horizon fits this study because the purpose is to study MNCs and local intermediaries' business affairs in the subsistence market of Ghana. This implies that the study is not designed to address change and therefore longitudinal design could be misleading. Robson (2011) argued that qualitative methods can also be adopted in cross-sectional studies by considering interviews conducted in a short span of time. As it is, the research interviews were held in Ghana within a three month period which was based on the time frame and resources available to finish my PhD. This study involves individual data collection from specific MNCs and their local intermediaries who deal with their goods and services, including questions about before and after they entered the market to do business with them. This study relies on data originally collected for research and other purposes such as academic publications.

#### **4.6 DATA COLLECTION METHOD**

In management and business research, the method of data collection is a very significant stage and encompasses a lot of tasks. The main tasks are sample selection, justification of sample group and size, sources of data, and collection of primary data. These are discussed below:

#### **4.6.1 Selection of Sample**

The sample collection was divided into two stages. The first stage was theoretical sampling for selecting companies, and the second is the snowball sampling for selecting local intermediaries. Both are discussed below.

##### ***4.6.1.1 Theoretical Sampling***

This research followed theoretical sampling to select participants strategically in that those chosen are significant to the research question (Bryman and Bell, 2011). Glaser and Strauss (1967, p.45) explain theoretical sampling as "the process of data collection for generating theory whereby the analyst jointly collects, codes, and analyses his data and decide what data to collect next and where to find them, to develop his theory as it emerges." This suggests that theoretical sampling is an ongoing process rather than a single or distinct stage and therefore data were collected until reaching theoretical saturation (see Bryman and Bell, 2011). Charmaz (2000, p.519) stressed that theoretical sampling is a 'defining property of grounded theory' and is concerned with the refinement of ideas rather than boosting sample size.

The essence of using theoretical sampling in selecting the companies was because of its relevance in refining ideas and understanding this phenomenon (Eisenhardt, 1989; Miles and Huberman, 1994). Starting with the assumption that improvement with local intermediaries is low while selling MNCs products, extreme backgrounds of industries were chosen to expect details of MNCs business affairs with them in the BoP market. Also, the researcher ensured that selected MNCs engage BoP practices in their strategy as a mode of business operations in the context.

In identifying the MNCs' participants, the researcher followed his assumptions and made decisions regarding particular MNCs that practice BoP or individuals knowledgeable about this research area in Ghana. At the pre-stage, different MNCs from the private sector industries emerged in the process, and they included Unilever Ghana, Nestle Ghana, Promasidor Ghana,

Ecobank Ghana, Barclays Bank Ghana, Bayport Financial Ghana, Cal Bank Ghana, MTN Ghana, Airtel Ghana, Vodafone Ghana, Tigo Ghana, and Standard Chartered Bank Ghana. As Glaser and Strauss (2012) established, it is workable for the researcher to become theoretically sensitive at this stage and the essence is to conceptualise and develop a theory as it appears from the data being collected. I then ensured that MNCs selected are specifically practicing BoP activities and are knowledgeable about the issues under study in Ghana. Thus, the MNCs were chosen because of their involvement in BoP business practices in Ghana.

In Ghana, there is a real absence of systematic information at different levels. Often, there is lack of reliable data bases, archives, files and registers that may provide the initial information the researcher requires at the pre-access stage. Given this, the sample construction should be built on the investigator's contacts or relationships (Crouch, 2006), as in Ghana and other least developed countries. Therefore, various means such as open links, comprising friends and family, was used to gain access to the field (Dimmock, 2002). Having discussed and analysed the initial data of the numerous MNCs identified, theoretical ideas begin to emerge, and specific MNCs were identified for the study. I argue that under such circumstances, the selection and the decision are frequently predetermined by the substance of the informal network of the researcher in places with lack of adequate database such as Ghana.

The selected MNCs operating in Ghana were identified, and then emails and letters to participants were sent, inviting them to participate in the study (see Appendix for the Letter to Participants - MNCs). Some of the participants responded positively, allowing research process to commence. Consequently, six MNCs were selected from three private sector industry segments covering fast moving consumer goods (FMCG), telecommunication, and financial institutions operating in Ghana. This implies that two MNCs were selected from each industry. The MNCs include Unilever Ghana, Nestle Ghana, MTN Ghana, Vodafone Ghana, Barclays Bank Ghana and Bayport Financial Ghana respectively. These MNCs were also selected based

on the degree of their involvement in BoP activities in Ghana. From all the six sample groups, eighteen respondents were contacted for interviews. That is three respondents per each MNC's management.

Linking different industry segments has advantages to this research. The advantage is that the combination of multiple industry segments with various establishment dates improved the robustness of the results such that different industry segments revealed how MNCs engage the local intermediaries concerning copying and making over their BoP business models as well as regenerating opportunities in the system. This is because the differences and similarities can be understood (Baxter and Jack, 2008), indicating how each MNC does business with the local intermediaries in the BoP market. As noted earlier, each MNC would be treated as a case to allow different developments to be learned as compared to using only one or single MNC. Eisenhardt (1989) established that multiple case study dilutes the importance and meaning of single case study. Also, the combination of multiple cases for this study strongly describes the source of BoP business models and initiatives as well as examining the MNCs' entry to establish the relationship they have with the local microbusinesses. This will be sufficient to field the gap in the literature as this research strongly emphasised on the missing documentation of local intermediaries' relevance in the BoP. Table 1 shows the results of participants interviewed including industry segment, MNCs and its establishment dates, country-of-origin, and the type of interviews conducted:



Table 1 Table showing MNCs' participants for interviews

Industrial segment	MNCs (Ghana)	Establishment date	Country-of-Origin	Participant's Managers and Number of Interviews
FMCG	Unilever	1992	Netherlands & UK	National Sales Manager - 1 Territory Manager – 1 District Sales manager - 1
FMCG	Nestle	1957	Switzerland	National Sales Manager - 1 Regional Sales Manager – 1 Field Sales Manager – 1
TELECOM	MTN	2006	South Africa	Commercial Director - 1 Customer Experience Manager – 1 Sales Manager – 1
TELECOM	Vodafone	2008	UK	Head of Strategy and Innovation - 1 Sales and Distribution Manager – 1 Sales Manager – 1
FINANCIAL INST.	Barclays Bank	1918	UK	Director, Retail Manager - 1 Commercial (Asset) Finance Manager – 1 Branch Manager – 1
FINANCIAL INST.	Bayport Financial	2003	Mauritius	Head of Micro Division – 1 Area Manager – 1 Branch Manager - 1
<b>TOTALS</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>18</b>

**Source: Author**

The above table shows that 18 interviews from different levels of managers were carried out with six different MNCs from three industry segment and with various establishment dates in Ghana. The table shows each MNC's different type of managers responsible for BoP activities in their respective numbers. Each participant was successfully interviewed on either face-to-face or over the telephone. Those participants over the phone interviews were arranged for their best time to do this in out of office hours. Different levels of managers were interviewed at the MNCs comprising top, middle, and lower or first-level managers due to various functions per each in respect to BoP practice. The following is the description of the cases with different levels of managers interviewed for this study.

**Case 1 (Unilever Ghana - FMCG):** The range of products and brands from this group of the sample in the BoP market includes home care and food, and personal care. The products include ‘Key soap’ (long bar soap), ‘Omo’ (washing powder), Lipton (tea bag), and Rama margarine or butter. The participants interviewed in this sample included senior managers for setting goals, middle managers involving in the day-to-day working of the company and first-line managers with responsibilities of engaging with the SMEs and microbusinesses particularly in the rural areas in Ghana. Among the managers were national sales manager, territory manager, and district sales manager.

**Case 2 (Nestle Ghana Limited - FMCG):** The products include ‘Milo’ (cocoa drink beverage) and Nescafé in tins and sachets, regular infant food such as ‘Cerelac’ or ‘Nido’ in tins and sachets, and ‘Maggi’ cubes. The participants interviewed in this sample group include senior manager, middle manager, and first-level manager. Some of the management comprises national sales manager, regional manager, sales manager or coordinator.

**Case 3 (MTN Ghana –Telecom):** The products and services include scratch cards for mobile phones and line services provided for telephone booths (space-to-space) mostly in the rural communities. The management in this sample group covered those responsible for leading the Business Solutions team to bring something new, stable and profitable enterprise services and solutions to large, and SMEs. The management participants included a commercial director, customer experience manager, and sales manager, all in Ghana.

**Case 4 (Vodafone Ghana – Telecom):** The products and services include scratch cards for mobile phones and line services provided for telephone booths mostly in the rural communities. The management participants involved in the interview process include the head of strategy and innovation, sales and distribution manager, business solution manager or sales executives in

Ghana. Vodafone is one of the most recent companies providing mobile telephone services in Ghana.

**Case 5 (*Bayport financial, Ghana – financial institution*):** Bayport financial provides financial services to the low-income groups in the BoP market in Ghana. The financial institution has small and group accounts opened for customers and ‘Susu’ operators in their supply chain services. Other services include micro ‘baysave’ accounts and short-term loans for lower-income group clients and SMEs in the BoP market. Among the participants to be interviewed were general manager's responsible for micro department office, area managers, and branch managers in Ghana. Bayport is established recently among the financial segment in Ghana.

**Case 6 (*Barclays Bank Ghana – financial institution*):** Barclays Ghana's corporate products include banking products and services to the SMEs, indigenous and local small and micro businesses. Managers responsible for domestic and local small/micro enterprises were interviewed as well as those in charge of ‘Susu’ section in the bank. Participants include director retail market, Commercial Asset Finance (CAF) manager, branch and retail managers, managers for local small/micro enterprises including ‘Susu’ operators and business solutions in Ghana.

#### **4.6.1.2 *Snowball sample technique for local intermediaries***

In the second phase, the local intermediaries selected for the study were identified through snowball sampling (Patton, 2002; Venter et al., 2005). The researcher looked for local intermediaries who deal with the products and services directly from these MNCs mentioned above in Ghana. To do this, the researcher inquired from the managers of the MNCs to show at least one of their customers from that sector. The investigator, thus, made an initial contact with the first group of local intermediaries' business owners who are selling goods of the MNCs and then used that to establish connections with others. This process was developed because the local microbusinesses are scattered all over, but not all of them sell goods from these MNCs

(some of them sell imported goods from China), so it becomes difficult to identify them. The process also involved contacting local intermediaries, who are selling in different regions of the country that are difficult to find, with the aim of reaching those that were necessary for the research. The potential respondents were then asked to refer the researcher on to other local microbusinesses that they knew. The researcher followed up with the referrals, and the process was useful in identifying the right participants, from the large numbers of them (Browne, 2005). Indeed, the process is in line with the previous research that established that "following up on referrals proved to be the most efficient approach and eventually yielded the majority of potential respondents needed for the study" (Venter et al., 2005).

The snowball sample technique was useful because there was no way of knowing the precise extent of the participants of which to draw. This is also in no way a random sampling as it was the motive for the researcher to find the right respondents among the local intermediaries for the study. This approach was the only feasible one as there was no open or accessible sample frame for the participants from which the sample was to be taken in the country.

The researcher has a method of contacting the local intermediary's participants. In the first place, a programme was drawn, and at every interview with an MNC manager, a contact was asked for local microbusinesses they have in mind or records. In this way, the MNC managers acted like stakeholders that were approached for initial contacts of those local microbusinesses selling their goods and services in the BoP market of Ghana. The first local microbusiness contacted was asked to participate in the research and was later referred me to other participants that perform the similar functions. This exercise was continued until more of the local microbusinesses were gained for interviewing. The snowballing exercise was used as the initial participants contacted knew others who share the same characteristics that make them suitable for inclusion in the research (David, 2008).

The snowball sampling procedure yielded thirty-six (36) respondents, thus, six (6) respondents of local intermediaries per each MNC's products and services in Ghana as indicated in table 2. These local intermediaries run local micro enterprises in different forms in both rural areas and urban centres. In essence, this sampling technique was used to identify these local intermediaries who were hidden among scores of similar local enterprises. The advantage of using snowball sampling was that it was cost-efficient and time efficient as compared to other methods. Table 2 describes the industry segment and the respective local intermediaries.

Table 2. Descriptive overview of data responses (local intermediaries)

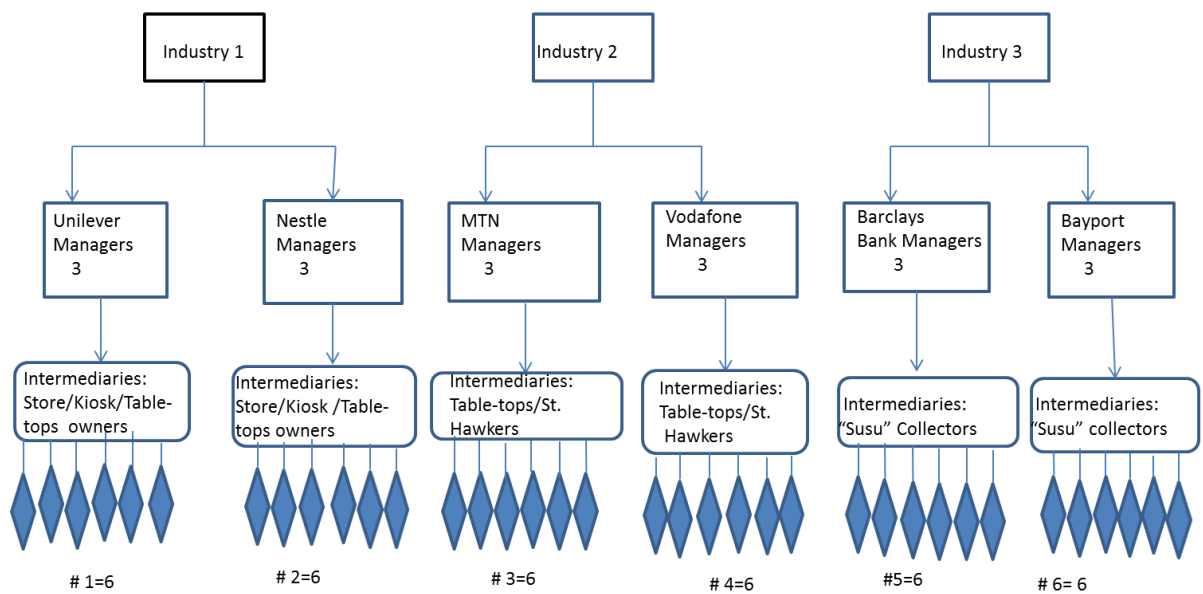
MNCs (Ghana)	Local intermediaries	Type of interviews
Unilever	Micro store=2; Kiosk = 2; Table tops=2	Face-to-Face / Telephone
Nestle	Micro store=2; Kiosk = 2; Table tops=2	Face-to-Face / Telephone
MTN	St. Hawkers=3; Table- tops=3	Face-to-Face / Telephone
Vodafone	St. Hawkers=3; Table-tops=3	Face-to-Face / Telephone
Barclays Bank	Mobile 'Susu'=3; 'Susu' Collectors =3	Face-to-Face / Telephone
Bayport Financial	Mobile 'Susu'=3; 'Susu' Collectors =3	Face-to-Face / Telephone
<b>Totals</b>	<b>36</b>	-

**Source: Author**

From the above table, all the local intermediary participants were interviewed by face-to-face as well as a telephone as they were spread across the ten regions of the country. At least three to four participants were identified and interviewed in each of the ten regions.

**Figure 8 Snowball sampling process**

**Graphical response of the intermediaries' snowball sampling**



Total samples (2<sup>nd</sup> Phase) # = (# 1 + #2 + #3 + #4 + #5 + #6) = 6 + 6 + 6 + 6 + 6 + 6 = 36

Where # = number; each number (#) represents 6 intermediaries contacted

**Source:** Author

**4.6.2 Justification of the Sample Groups and Size**

Qualitative study samples are much smaller than quantitative study samples. The sample groups and size of this study are justified based on prior scholarly studies. One of the reasons provided by Ritchie et al., (2003) on why a qualitative study needs a smaller sample is that qualitative samples are faced with diminishing return. This indicates that, as the study progresses,

additional data may not provide further information. With this view, Crouch and McKenzie (2006) argued that qualitative research is not only about generalising hypothesis statements, but it is concerned with meanings and understanding. Raising data for qualitative research is more labour intensive than quantitative studies. Practically, it appears to be time-consuming when analysing a large sample of qualitative research and it is just unreasonable.

The study is also based on MNCs business affairs with local intermediaries in the subsistence market concerning the invention of business models as well as the contribution to inequality or not. As a result, the study covers goods and services produced by these MNCs and offered in the market. The study has captured all the critical views of these MNCs representing as producers and local intermediaries as sellers to the consumers. Since it is a qualitative research, the smaller sample group represent the other companies in the selected industries necessary for this study.

The present study argues that irrespective of the smaller size of the sample, they represent the whole MNCs in the market, such that, the sample group 1 and 2 covers FMCG which is essential for developing countries daily consumption and mostly produce in large quantities. A sample group 3 and 4 also includes telecommunication market which mobile phones business is booming in this country. MTN and Vodafone companies represent this sector and provide a lot of services to the market. Lastly, sample groups 5, and 6 covers financial institutions operating in the BoP market such as conventional banks like Barclays (which plays a significant role in serving the lower income groups in the rural areas) and Bayport financial (who are new in the market with similar services).

This study covers products and services offered in the market as well as potential MNCs and local intermediaries serving the market. The study is also based on MNCs strategy of mimicking microbusinesses models and later replicating products to create business opportunities in BoP

market. In qualitative research, views of the representatives of the MNCs and the local microbusinesses are critical in this study. The local microbusinesses from the entire sample MNCs are key players in distributing and selling products directly to the final consumers in the BoP market.

#### **4.6.3 Data Sources**

Primary data were collected through interviewing relevant participants from the respective MNCs' managers (senior, middle and first-line managers) and owner-managers of local intermediaries including microbusiness owners, collectors, table-top owners and kiosk operators (see Tables 1 and 2). According to Yin (2014) case study evidence comes from different sources and these include observation, diary methods, and interviews. In this research, interviews were selected as the best method for collecting data from the participants. Primary data were used as a source of data for this study since the data needed was very little in the published sources.

In the case study, interviewing is understood to be one of the most important methods of collecting information from individuals. According to Yin (2014), it is the relevant source of information in structuring conversations rather than structuring queries for this study. Miller and Crabtree (1999) established that interviews permit considerable flexibility in respondents' responses on a wide-ranging topic, while Robson (2011) argued that the researcher often has the smallest amount of prompting. This was necessary for this study as participants were expected to elaborate on their understanding of MNCs and local microbusiness dealings in the BoP market of Ghana.

Throughout the interviews, the purpose of the study and the intended output towards this research is declared at the beginning of each meeting. The researcher discusses reasons for doing this research and focussing on the MNCs and local microbusinesses in the BoP market.



My past work experience in Ghana was also used as an edge to discuss more with participants to make them feel at ease.

As per the interview guide (see Appendix), interviews with MNCs' managers cover five main themes:

1. Personal background – position, education, roles, and responsibilities
2. Questions on the participants' position in the company and understanding of relevant concepts
3. Questions on company's relations with local microbusinesses
4. Discussions on the companies' entry and activities in the market
5. Others - benefits, difficulties, etc.

Interviews with local intermediaries cover five main themes:

1. Questions on participant enterprises' beginnings, history and understanding of relevant concepts
2. Discussions on local microbusinesses relations with other MNCs
3. Discussions on opportunity identification and business models creation
4. Perceived self-assessment
5. Others – benefits, problems, and business development issues

However, various types of interviews are used to collect data, and these include structured, unstructured and semi-structured interviews. In this research, I considered it expedient to decide about the extent of structure to carry out on interviews. Previous scholars (Deakins and Freel, 1998; Klenke, 2008) suggest that researchers used unstructured and semi-structured interviews

to explain ‘why?’ and ‘how?’ questions, particularly in small business research. However, Breakwell (2000) found structured interviews as a restrictive discovery possibility, which can prevent participants from discussing issues vital to the phenomenon of interest, in this case, origins of BoP business models. According to Easterby-Smith et al., (1991), interpreting unstructured interviews are excessively contesting, which does not fit for this study. Finally, a semi-structured interview (which allows inquiries that prompt discussion with the chance for the investigator to explore specific subjects or answers further) opted for this study based on the following reasons. The nature of the research questions warranted the researcher to give participants the freedom of expressing their views in their very best way and should be in the two-way conversational communication. Also, the researcher uses an interview guide that enables participants to systematically follow a clear set of instructions that can provide reliable and comparable qualitative data, and this was necessary for this research. Finally, my questions were prepared ahead of time that allowed full preparation before meeting the interviewees on the field.

Robson (2011) emphasised that semi-structured interview format permits the certain order of inquiries to be structured which supports matching or relating with others. Also, Grix (2004) highlighted that a semi-structured interview method allows the opportunity for sudden leads of the probe, which this study adhered. Given the purpose of the samples discussed above, the researcher has a list of themes and questions to be covered although the sequence and format varied from interview to interview. Therefore, a semi-structured interview protocol was designed well that contained questions which the respondents were guided to answer rather than dictated.

Moreover, interviews were conducted in a Ghanaian language ‘Twi’ and then translated into English or carried out in English with non-native speakers. The local microbusiness interviewees were unable to speak English and interviews in ‘Twi’ language and translated into

English. This is because most of the local microbusiness interviewees have not had formal education and could not speak and write English. However, managers of the MNCs were interviewed in English since they were formally educated and can speak and write the English language. It is believed that by structuring some parts of the interview, any issues attributable to language differences could be more easily managed.

#### ***4.6.3.1 Mono-Cultural Interviewing***

The interviews in this study took place in Ghana with non-native English speakers, and since 'Twi' (Local Ghanaian language) was the mother tongue of the researcher; the researcher was concerned about mono-cultural interviewing issues. To those researchers conducting mono-cultural interviews, previous research cautions that "even if physical access is granted, participants may be reluctant to allow social access because of the interview's assumptions about the researcher based on his/her gender, age, status and personal characteristics" (Shah, 2004, p.10; Sands et al., 2007). Bennet (1998) claims that in mono-cultural communications, in spite of all the variances, are similarity-based, which allows for shared assumptions regarding the nature of reality resulting from known behaviour patterns and shared values, which enable understanding. Based on this, the themes of the study were sent ahead to the participants, which include the list of central terms, primary questions, and a letter to arrange the interviews.

Because the interview was held by the researcher who also speaks the same native language as local microbusiness interviewees, I was encouraged to translate as much detail as possible and written up in verbatim. And this idea was established in the previous study which highlighted that translation should be written up as exactly without paraphrasing (Patton, 2002; Gibbs, 2007).

In cross-cultural interviewing, research suggests that some subjects may be taboo and confidential in other cultures (Bragason, 1977; Patton, 2002). Certainly, it was an issue in mono-cultural interviewing as well since the participants were not in the position to reveal

certain crucial information, they rather maintain high confidentiality. For instance, managers of some MNCs, particularly in MTN and Bayport Financial, were not in a position to reveal certain information on their company's strategy as there was fear of competition. It was downright offensive for outsiders to hear certain pertinent information. They have to be deeply convinced that the information was going to be used for the research or academic exercise only before certain information will be revealed. Strangers or outsiders may find it very difficult to gain access to interview as the local people may not be opened to them. In this research, the researcher was able to overcome outsider-problem through a gateway and advantage of being a Ghanaian.

Indeed, the researcher was a Ghanaian and had been referred by a gatekeeper (friend) who has a relationship with the MNC's management, and this was an advantage to gain access to the interview. The gatekeeper was somebody who understood what was involved in the study and had enough authority in the organisations to reassure everybody that I was genuine. This confirms that contacts are more active in collective communities and extended family networks (Dimmock, 2002). Hence, the significance of using gatekeepers in gaining access, such as using a friend or somebody who is supportive of reaching the main participants was vital for this research (Bogdan and Biklen, 1992). This is because the system in Ghana technically ignores the formal consent letters sent to them by the researcher before the research interview, and relies much more on relationships instead.

Another instance focuses on the owners of local microbusinesses. It was challenging to get financial information about their business activities since they had only a vague notion of what they earn in revenue. Not only that, most of the local intermediaries such as owner managers also frequently hide their actual incomes from tax supervisors and were reluctant to reveal it. However, because I am a Ghanaian and before beginning my studies in the United Kingdom, I was living and working in Ghana, I had more success in obtaining the necessary information. I

had run microbusiness (communication centre – space-to-space) before and used that as an edge to explain to them. In this way, the local microbusinesses participants got interested and understood that I have been like them before. Moreover, I speak the same language and understand the values and culture of the microbusiness owners, and therefore familiarisation was not difficult. Even though somebody referred these local microbusinesses to me, it was still necessary to understand local customs and traditions to create the necessary rapport. Bennet (1998) insists that knowing the language is not sufficient unless it is supported by cultural knowledge. Under this circumstance, addressing the interviewees by using reverential words and nomenclatures such as senior brother or sister, auntie, papa, uncle, boss, daddy, and mummy, created a more familiar relationship. One needed to show more respect and intimacy before approaching the participants to do an interview. Failure to show respect before, during and after the meeting would have undermined my data collection efforts.

It is important to understand the strategies that underpinned this research. Since the interview is more like an everyday conversation, some of the microbusiness' interviewees were sceptical whether there was a private gain of the information collected or not. Some of them think I was using the information to run a business or for the government purposes, despite an effort made at the initial stages to explain the purpose of the interview. Indeed, there was rumour mongering regarding what I needed such information. I, then, made them aware that I am an academic and a Ghanaian but live outside the country and I am part of the academics that are doing this research. Besides, I am a Ghanaian and do understand their concerns since I used to run a similar business myself and therefore the information is to be utilised for the research.

#### ***4.6.3.2 Interviewing Process***

The main study interview was held between May and July 2015 in Ghana. As said earlier, the main participants were made up of two groups: MNCs managers and local intermediaries (microbusiness owner-managers). The interviewing process was begun with the MNCs'

managers before the local microbusiness owners. The primary purpose was to gather the MNCs manager's views on their relationship and business engagement with the local microbusinesses to understand the reaction from the local microbusiness owners. For example, the MNCs managers were made to answer questions regarding when and why they entered the BoP market, which the local microbusiness owners might also explain how the entry has positively or negatively affected their business and livelihood in the market. The MNCs managers were also asked to confirm whether they have heard about Prahalad's BoP concept and their actions taking after that. Besides, the MNCs' managers were asked at the beginning about how they create products for the local microbusinesses to serve the consumers in this market. They were also requested to describe issues of their business relationship with the microbusinesses; the role they as individual managers played in their companies and they were asked to provide some personal background details (e.g., their education and work experience). The MNCs managers were also required to comment on the origins of BoP business models while the microbusiness owners were to comment in that respect.

After picking up the necessary information from the MNC's participants, additional questions were asked regarding the support they provide for the microbusinesses in the market. The MNCs' managers also provided information on how they gain or benefit, difficulties they face with their engagement with the microbusinesses as well as personal experience information, which personal questions were asked to put the participants at ease during the process. Similarly, local microbusiness' interviewees were asked to comment on any noticeable differences in income and improvement before and after the MNCs entered the market to engage them. Some of these questions were picked up all through the interview to coincide with the flow of the conversation.

As the interview guide was followed, the interviewer added extra questions about unexpected but relevant areas that emerge. For instance, throughout some of the interviews with the MNCs

managers and local microbusinesses, important questions regarding how the companies copied the business models and confirmation of who initiated the models were always asked. It flowed unsurprisingly in response to participants' discussions of their business strategies. The participants were also encouraged to elaborate on their answers with examples as there was ample time to do so. The interview guide eventually helped me to know what to ask in what sequence, how to pose the questions and to pose follow-ups. Some of the items including the list of individual respondents can be found in the appendix.

All the participants were interviewed by me. The meeting duration time was on the average of 1 hour 20 minutes with the shortest interview being 50 minutes and the longest being 2 hours 10 minutes of the company managers. On the other hand, the average duration of interviews for the local microbusiness interviewees was 1 hour each with the shortest interview being 43 minutes and the longest 1 hour 45 minutes. Among the 54 participants interviewed, 18 were conducted in English and 36 were conducted in Ghanaian language 'Twi' and transcribed later.

I transcribed most of the interviews within 72 hours following an interview session. In transcribing the interviews, the process put the researcher in close touch with the data and expedited further reflection. In the field, I took notes before, during and after the interview and at the start of each of the transcripts a description was given of each interview setting, which includes participant's action. In the transcript, the researcher also recorded long pauses between questions and answers, mistakes, and emotional reactions and occasionally laughter.

To improve the accuracy of the translation, those interviews translated from 'Twi' into English were reviewed by a third party. The third party was a friend who has completed PhD. and has had a similar experience during his data collection. He reviewed it along with the recordings to improve accuracy. The third party checking was used to ensure that interviews held main points to underpin the validity of the findings (Carlson, 2010). Also, to show that I followed the ethical

approach in this research, each interview leading' points summary were sent to each interviewee to support the establishment of rigour and trustworthiness (Krefting, 1991). This process was helpful as it demonstrated the flexibility of data collection as any imprecision were noted and brought up to date, which previous studies contended that it is one of the benefits of qualitative methods (Ghauri, 2004; Miles and Huberman, 1994).

#### **4.7 DATA ANALYSIS**

The data was analysed according to the guidelines on the so-called Gioia method (Gioia and Chittipeddi, 1991; Gioia, Thomas, Clark, and Chittipeddi, 1994; Gioia and Thomas, 1996). This approach deals with an orderly approach to new concept development and grounded theory articulation and brings qualitative rigour and transparency to conducting and presenting inductive research (Corley and Gioia, 2004; Nag, Corley and Gioia, 2007; Gioia et al., 2012). The Gioia method was appropriate to this study because it retains the creative and revelatory potential for generating novel concepts and ideas for the development of theory (Gioia et al., 2012; Corley and Hamilton, 2013). In this research, the researcher established links between the data collected and concepts emerged by employing a translational process to do so. A translation process notably focuses on the processing of data from empirical realm to the theoretical realm (Raymond-Alain Thietart et al., 2001). Indeed, this process involves translation of data into concepts (abstraction). Since there was the need for translation process to carry out this analysis, i.e., translating data into concepts, Gioia method was the best technique to analyse the data collected in this research.

In this study, the researcher resisted from presuming prior constructs on the participants as some other explanation for understanding or elucidating their knowledge on the issues addressed. However, my primary role was to allow the participants to describe their experience and views on the issues confronting this research such as MNCs entry and origins of BoP models. The



purpose was to grant utterance to the participants in the early stages of data-gathering and analysis. This process then generated precious opportunity for the finding of original concepts instead of verification of general ideas in the BoP, making it more rigorous to the standards of this research. The researcher was able to generate different concepts for this study based on notions of pre-existed operational model, issues of business improvement, management' competence and experience, and reinvention of business opportunities, focussing on the participants' views of the issues addressed.

One of the reasons why Gioia method was used for this research is that the managers of the MNCs and microbusinesses, who are supposed to be interviewed, are assumed to know what they do, and their thoughts, intentions, and actions could be explained by themselves. As argued in organisational studies, people that built their organisational realities are assumed to be knowledgeable agents and therefore can talk about themselves (Gioia et al., 2012). This was what happened in this research, and thus there was no need for the researcher to assume any thoughts for the participants (MNCs managers and owner-managers of local intermediaries) because they know about their work. The Gioia method was also employed for the analysis where the researcher allowed for a systematic presentation of both first-order analysis and second order analysis (see Van Maanen, 1979). The first order analysis was the one that used participants-centric terms and codes while the second order analysis focused on the one using researcher-centric concepts, themes and dimensions for the stimulation for the first and second order labelling (e.g., Nag and Gioia, 2012). Indeed, these two together allow the voices of the participants and the researcher to be revealed.

In the process of analysing the data, the researcher followed the procedures designated for methods of naturalistic inquiry and constant comparison techniques (Lincoln and Guba, 1985; Straus and Corbin, 2015). The data was analysed in detail with each MNC and microbusinesses representing as the case. Miles and Huberman (1994) stressed that each participant, e.g., MNC's

data should be analysed first when analysing data from multiple sites. As continued, each interview data (transcript) was coded separately on the basis of in vivo terms used by the interview participants. This is known as first-order keywords (Van Maanen, 1979), which based on the categorisation and theme analysis techniques suggested by Miles and Huberman (1994). At this stage, each interview transcript was read numerous times to discern on similarities and differences among the participant's views. After that, I proceeded with the within-site analysis aimed at comparing induction thoughts from different interview participants. I then made constant comparisons across the various participants' views on the subject matter under investigation.

Again, in the first-order keywords, the language used by the interview participants was collated over there after similar codes were discerned. The participants' terms and codes emerged early in the research - a process similar to Strauss and Corbin (1990; 2015) idea of open coding. As it is, several initial codes were created, and each was used to organise the data for both first phase (MNCs' managers) and the second phase (owner-managers of microbusinesses). Some examples of first phase codes include MNCs' business support, financial gain, an event organised, business strategies, business relationship, and knowledge of BoP concept, while that of the second phase include achievements of microbusinesses, main activities, creation of business models, and business identification. As not all the various codes could be written here, notes were made while creating the codes to signify potential themes to develop the deeper analysis. At this stage, the researcher only adhered faithfully to the participants' terms and made little attempt to distil categories, which then make the number of categories tend to explode on the front end of the study. I continued to code the interview data to achieve theoretical saturation (Glaser and Strauss, 2009) until I could not find out any more different and shared pattern among participant's views.

As the research analysis progressed, the next step was to create second-order concepts development. I started seeking similarities and differences among the many categories obtained, a process known as axial coding (Strauss and Corbin, 2015). This process enabled me to reduce the first-order keywords to a more expedient number forming the relevant concepts, known as the second-order concepts. This indicates that many of the first-order keywords were later deleted to make way for the final codes, even though they were used to inform the concepts to be more meaningful. These concepts were eventually developed at a higher level of abstraction, as I started discerning linkages among them. At this stage of the analysis, I asked whether the emerging concepts suggest themes that might help me to describe and explain the phenomenon under investigation. Some examples of the emerging concepts include initiating BoP business models, MNCs' entry, opportunity recognition, and business development strategies. Pre-existing informal business models innovation and adaptation of informal business model for instance, were categorised into co-optation of business models as aggregate dimensions. In the same way, the concepts of modification of existing products and internal management capabilities were also categorised to be reinvention of business models as an aggregate dimension as well. In the second level of abstraction, the process continued until I achieved a degree of theoretical saturation.

Finally, the assembly of aggregate dimensions allowed the development of grounded theoretical frameworks, which linked the various concepts that emerged from the second-order concepts. At this stage, I have the full set of first-order keywords and second-order concepts, which has been used to develop the aggregate dimension (very higher level concepts/category). The concepts of the aggregate dimension became the working concepts in hands such as existing informal business models, co-optation of business models, and reinvention of BoP business models. This process enabled the researcher to develop a theoretical framework (data structure)

that linked the different concepts that emerged from the data. The data structure was very relevant to this research since the act of constructing it as just methodically (Gioia et al., 2012).

From the above, in choosing a technique to analyse the qualitative data, extra care was taken, and much attention was paid to details. Certainly, the data collected for this research was voluminous, and then the requirement for finding analytical technique best suitable and represented for analysing the data was necessary. As an inductive researcher, I considered employing an analytic discipline or method that would lead to systematic conceptual and trustworthy interpretation of data that could satisfy readers' conviction of the findings and conclusions possibly made in the whole study, and Gioia method was best suitable for this research.

#### **4.8 EVALUATION OF THE QUALITY OF RESEARCH DESIGN**

Validity and reliability concepts are most important aspects of all research that require thorough attention so that research findings can be seen as credible and trustworthy. The research methodology and methods have been discussed, and it is expedient to evaluate the quality of the research design concerning its rigorous, accuracy, and reliability. According to Yin (2014), methods used to verify the quality of multiple case study process to ensure rigour and precision include validity and reliability. I will discuss the two concepts below.

##### **4.8.1 Reliability**

Research indicates that reliability is closely matched to dependability and it is also a trustworthiness concept (Rolfe, 2004; Morrow, 2005). The concept, reliability, is secured with the development of case study procedure (Miles and Huberman, 1994; Ghauri, 2004; Yin, 2014) and it is defined as the “consistency of the research findings” (Kvale, 1996: p235). This suggests that reliability is a measure of a consistency of the response. This study, in numerous ways, was empowered with reliability as follows.

- The interview data of this research was recorded by iPad Air with 'Notability' software and was transcribed as discussed in the data sources section in this chapter. One of the essences of interview recordings and transcripts was to reduce assumptions and minimised researcher's bias to ensure reliability. As the study took place in Ghana and some of the interviews were collected in the Ghanaian language 'Twi,' the quality of the translation into English was audited by the third party, a PhD holder who has had a great experience. Prior research indicates that the recordings and the transcripts quality are essential when the establishment of reliability is intended to the research findings from joint and collective society collaborations (Perakyla, 2004). This process of checking helps to improve the reliability and trustworthiness of the study.
- Even though not all the codes were accounted for, however, the discussion with the colleague enabled any difficulties checked. As discussed earlier, certain codes were deleted, and others merged to make meaning to the concepts emerged, and this was possible through the discussion with the colleague. Some of the codes like company's responsiveness, internal accessibility, and economic opportunity were unused and eliminated.
- I also ensured that the threat of participant error was minimised in this study. Participant error is any factor that adversely alters the way in which a participant performs. With the MNCs managers' interviews, time of the day was taken into consideration as an effort was made to take place after work in a very relaxed and comfortable venue. Obviously, this strategy minimises errors as participants have little fears that what they say will be overhead with other colleagues or superior managers if the interview was taken in a workplace, particularly in the modern type of open offices. In this way, the participant bias was also completely minimised. Local microbusiness' interviews rather

took place in their various work places as most do not have specific times for closing work for the day. This strategy helped to reduce error as there was little pressure during mid days when the volume of business transactions was small. The interviewees got plenty of time to talk to me about the issues addressed in this research.

#### **4.8.2 Validity**

According to Le Compe and Goetz (1982), validity in research focuses on the accuracy and reliability or truthfulness of research findings. This means that a valid research should demonstrate that the evidence reflects the reality under investigation. Denzin (1970) established that validity in research occurs in two ways and it includes internal and external. Internal validity is the extent the research demonstrates a causal relationship between two variables, and external validity is the degree to which research findings can be generalised to other relevant settings or groups. The study validity was verified as the following.

According to Yin (2014), external validity is obtained with accuracy by selecting a minimum of four typical cases. This is acceptable to a large extent on multiple cases and can be valid scientifically as other sample logics by many researchers. In this study, multiple cases were the focus by selecting six distinctive MNCs and microbusinesses as cases. As indicated in section 4.6.2, the MNCs represent those that involve largely in BoP activities in Ghana with different industry sectors operating in the BoP market, allowing different developments to be learned. The research findings can be generalised to other settings under similar theoretical or the closed similarity model (Kvale and Brinkmann, 2009).

Moreover, there was an effort to establish descriptive validity, i.e., accuracy in reporting information (Johnson and Cristensen, 2004). According to Maxwell (2002), the attempt for the researcher to say what has been seen or heard of participants is accounted. In this way, the recorded interviews of this research were transcribed exactly as it is said. Often, meanings of

certain statements of participants were being questioned by me and their responses were repeated back to them to achieve truthfulness.

#### **4.8 RESEARCH ETHICS**

The ethical considerations of this research are addressed in this section. The essence is to demonstrate how the research was conducted ethically and responsibly (Blumberg et al., 2005). The ethical issues addressed in this study include protection of both the participants and the researcher from any harm, preserve companies' right and protects the reputation of the researcher and their organization. These ethical issues were carefully addressed in all stages of this research. The ethical guidelines set by the Aston Business School (2010) were adhered to by the researcher. In this study, the detailed research plan was inspected for any potential issues before the data collection began at the Aston Business School through a stringent ethical review process.

The key issues to be addressed in this research include the selection of participants, obtaining verbal or written consent, maintaining anonymity and confidentiality and how data was secured and stored. The following addresses these issues in order:

##### **4.8.1 Selection of Participants**

The selection of participants was based on the significance to the research purpose, and greatest consideration was given to avoid any biases in the selection of respondents concerning MNCs, position, and status. The participants were given the procedures and description of the use of the research. They were also told to opt out the data collection at any time as it is their right to do. For instance, one of the local microbusinesses said at the beginning that, *'I don't care about that but will only walk you out if your questions are irritating. My business is genuine, so I don't mind'*. This claim suggested to me that I should be cautious in my utterances as the participant has warned. It also suggested to me that the participant may be open to me. Therefore, the likely

time to be taken was opened to the participant including the comprehensive nature of the questions as well as the benefits he may get. Some of the advantages include advice and suggestions on how to improve his microbusiness.

#### **4.8.2 Obtaining Verbal or Written Consent**

Before any participant's interview, a verbal or written agreement is obtained. As Miles and Huberman (1994, p. 291) maintained that 'weak consent usually leads to poorer data, the researcher ensured the participants had given a full approval from the beginning before interviewing them. In making the participants feel at ease, an option has been paid to him/her to sign the written paper for consent or give an oral response to participate in the research. Mainly, all the MNCs' managers read and approved before the interview was granted. As the written consent letter was straightforward and simple to understand, there were no issues regarding queries of interpretation to the managers. However, the letter of consent was read and explained in 'Twi' language to the local microbusiness managers before they responded verbally to participate or not in the research.

#### **4.8.3 Anonymity and Confidentiality**

Anonymity and confidentiality were assured to be maintained for all the participants in this research. At the beginning of the interview, all the participants were informed that any information that could identify them encompassing their names, and companies would be kept confidential so as not to compromise them in any way. However, for the purpose of doctoral research, participants were informed that research supervisors and examiners might know the names of the MNCs and relative positions of the managers.

It was expedient to assure anonymity and confidentiality before, during and after the interviews as some of the issues or the subject matter involves business strategies and competition, which needed to be kept a secret under this setting. Considering the industrial setting of the MNCs selected, a competition was very crucial to their business that MNCs prevent any information



about them getting to the general public without their consent. It was also important to make the participant feel comfortable when the interview was granted to enable them to reveal all the necessary information without fear. There was also the need to maintain my integrity and that of the results of the research; therefore anonymity and confidentiality were very critical in the data collection of this study.

Significantly, when some of the local microbusiness interviewees were assured about anonymity and privacy before their interview, they made interesting revelations about being open to me and not to cover anything. The 'Susu' collector in Accra said "*my business is permissible, so I don't care about confidentiality. I think those who operate illegal businesses and do not pay taxes are concerned about their names and nature of the business*". Indeed, this statement gave me the impression that owner-manager of this 'Susu' enterprise knows what he is doing and his business could progress along with MNCs' support. Therefore, the idea that local microbusinesses have low education may not be generalised but could be disregarded to some extent.

#### **4.8.4 Data Storage**

As it is, ethical procedural practices ensure the privacy and confidentiality of participants (Tracy, 2010). Notably, I ensured that the management of the data should respect the terms of the consent regarding the confidentiality and anonymity that participants were assured. Again, it is the responsibility of the researcher to secure and protect all data collected to prevent information being leaked, in particular, to damage or privacy of the participants. Therefore, the data were kept secure, and these include recorded interviews, transcripts, and any other research activity's primary products. As it is, the data were electronic-based with no hard copies and were kept securely on my laptop with a password protected that should be only accessed by me. This will only be shared by my email if the research team, in particular, the research supervisors request it.

#### **4.9 SUMMARY**

The chapter discussed the detailed methodology used in this study. It started with the discussion of the research philosophy and research design. In answering the research question, the way participants made sense of their activities in the BoP market was an important part of the research. This is because it informs the reader with the knowledge of the research procedures that guide them in evaluating the findings. In discussing the research process, issues in the study design and its components and considerations relevant to this research were considered. The research method adopted in this study was qualitative and an inductive approach.

Also, the study adopted a case study design as its research strategy, and it was well discussed. The chapter also justified why this study used the methods as mentioned above. The sample and data collection process were discussed as well as the analytical technique which was based on the Gioia method. The study relied on primary data in which a semi-structured interview protocol was used. The justification of using interviews for collecting primary data and the interview process were also discussed. Evaluation of the quality of data interpretation and ethical considerations were taken into account, and appropriate actions were taken to address those during the research.

## **CHAPTER 5**

### **THE ORIGINS, CO-OPTATION, AND REINVENTION OF BUSINESS MODELS IN THE BOP MARKETS**

#### **5.1 INTRODUCTION**

This chapter describes how MNCs, when entering the BoP market, developed their strategies, and integrated different ideas in their own business models. Before MNCs operating in Ghana showed interest in entering the informal market, there were actors like microbusinesses that function as local intermediaries between formal and informal economy. For instance, in the FMCG market, Unilever and Nestlé's goods and services were already purchased in bulk and sold in smaller quantities to the final consumers in the informal market. The same thing was happening in both financial and telecom sectors. In the case of the financial sector, the 'Susu' collectors were operating in the traditional credit circles system and with the upsurge of microfinance and BoP approaches (Yunus, 2007; Prahalad, 2004), the pre-existing business models in the informal market were of increased interest to MNCs. Similarly, in the telecom sector, microbusinesses were operating a space-to-space model, allowing consumers in the poor communities to access mobile telephones at affordable prices (Acheampong and Esposito, 2014). This section explains the process of how MNCs engage with the local microbusinesses, how they adapted and co-opted local practices, and what impact these changed commercial relationships had on MNCs and microbusinesses within the BoP market. The chapter will conclude on examining the business environment in terms of the impact of the new business models on the formal and informal economy and the different MNCs strategies in the BoP market.

#### **5.2 BUSINESS MODELS IN THE INFORMAL ECONOMY**

By business models, the researcher means the way in which firms create and capture value (Shafer et al., 2005; Roome and Louche, 2016). In short, it is the way in which a company

generates revenue and makes a profit from its operations (Sinfield et al., 2012). In the case of the informal microbusinesses, this refers to their ability to recognise opportunities in the informal markets by connecting unidentified demand with goods and services available in the formal economy. The activities of the informal microbusinesses in this market suggested that they are a significant source of business model innovation at the BoP. They identified opportunities in their communities in different sectors. The above can be verified by the following evidence from the quotes of Table 3 by the microbusiness owners, establishing various business models from different sectors.

***Insert Table 3 here.***

The microbusinesses dealing with FMCGs (Unilever and Nestle Companies) mostly based their business model on purchasing goods in bulk and repackaging them:

*“Over the last two decades, I established this micro store with the aim of selling provisions in this community. I took the initiative and began to serve them because the environment was safe and the community members were mostly with families including children, which suggested that they would require food and other items for their children’s consumption. I began with baby food only, such as cow milk products (Lactogen, Nido, and SMAs first infant milk – formula milk). I used to prepare unbranded sachets with a teaspoon measurement for a baby’s meal for the poor families to buy. In fact, I began selling these things until recently Nestlé and Unilever staff’s members approached me with branded smaller sizes of SMA’s, key soaps and sachets items to sell (Microbusiness owner, Kumasi).”*

In Ghana, the poor were mostly already consuming goods from major multinational producers, such as Unilever and Nestlé, however in unbranded packages prepared by local microbusiness owners. While this raises some concerns in terms of food safety, standards and branding, the case of FMCG in Ghana illustrate that these goods were already accessible to consumers without the direct involvement of multinational firms.

A similar trend was evident for telecommunications, which was made available to customers by local microbusinesses:

*'I set up a mobile telephony booth known as 'space-to-space' with a sole aim of making business, by charging a small fee. This was made possible as there weren't any easy means for people to access telephone (mobile and landline) calls. I managed to make my services affordable and available until the giant telecom company entered the market to make telephone lines available and cheaper for residents. The company then introduced more various calling cards later with different unit prices for people to use on their mobile phones. Their action triggered a competition between my business and the telecom which eventually weakened my business to collapse (Table-top microbusiness, Sekondi-Takoradi).'*

Such microbusinesses recognised the opportunity of making telephony accessible to individuals not in a position to afford a mobile phone or recharge with larger units. When mobile phones were first introduced in Africa in the early 2000s, they were adopted far more rapidly than Western observers or telecommunications companies expected (The Economist, 2005; 2016). However, given the poor telecommunications infrastructure and relatively low cost and speed with which mobile technology could be rolled out made this instance of 'technological leapfrogging' highly likely (Aker and Fafchamps, 2015). Nevertheless, early mobile telephony in Ghana was based on relatively expensive handsets, costly SIM cards and high-value recharge vouchers (all by local standards), highlighting that the introduction of these services was aimed at the top and to some extent the middle of the economic pyramid. The rapid mainstreaming of these services through telecommunications stores or table-tops made them accessible to the poor.

In finance, traditional credit circles were being run by 'Susu' collectors. A microfinance owner-manager in 'Techiman' district, a town in Brong-Ahafo region, who engage in providing micro-credit facilities to the individuals in the informal economy, commented:

*"I started lending microcredit to the local market customers before establishing a microfinance office in which business was properly transacted. I started with 'Susu' collection business in this market some years ago. Initially, I provided soft loans to the customers, and the model was a traditional lending system which comes with no surety. These activities took place until recently when Barclays Bank penetrated the market to arrange for me to open deposit accounts. The essence was to save daily's 'Susu' contribution with them, which seemed like a good idea to me. Later, the bank arranged more credit for me to pass on to my customers. Eventually, the system changed, and the bank began granting credit to the*

*market customers through me. The entry of Barclay Bank in this business was beneficial in early stages, and that was due to the availability of credit facility and provision of proper deposit accounts. However, the interest rate charged on their loans was too high, and customers were unable to afford it. This negative trend affected the business, and my income margin began to fall, while the Bank started debiting me with the entire unpaid loans (Microfinance -Susu Collector, Techiman)".*

‘Susu’ collection scheme provides a way of saving up for the customers, and it is categorised as an informal financial institution of the Ghanaian economy. The beneficiaries of ‘Susu’ scheme are those that are usually excluded from the conventional banking system, in which Barclays Bank and Bayport Financial Service operate. However, the business environment within which the informal operation takes place has a cultural impediment to the formal market actors. The ‘Susu’ collectors and their customers establish trust and operate on a collateral free system, which also guarantees low risk (Alabi, Alabi, and Ahiawodzi, 2007).

As the culture of the people includes shared value, trust, understanding and assumptions, it subconsciously guides and controls certain norms of the people. The ‘Susu’ collector and their customers follow a traditional process based on knowledge and trust in the community, usually speak the same local language, and have the same norms, beliefs and values, before embarking on an agreement to do business. This process becomes a cultural impediment to the multinationals or outsiders and makes it more difficult to conduct business in the informal market. However, the strategic option of the MNCs was to collaborate with the ‘Susu’ collectors to reach the informal market. Passing through the ‘Susu’ Collectors enable the banks to reduce risk as well.

As a result, Barclays Bank and Bayport Financial extend their services to the informal market through the collectors, having adapted the local practice or models. Based on the notion of a financially inclusive society advocated by UNDP (2008), Barclays Bank now considers business as ‘the Ghana Microfinance’ and supports the informal market through collectors. The

Banks' activities have helped to reduce fraud and other illegal practices that were common in the informal market.

Microbusinesses in all three sectors first identified the opportunities for their respective goods and services at the BoP, while multinationals continued to focus on the top and middle of the economic pyramid through traditional outlets such as bank branches, supermarkets and larger stores.

### **5.3 BOP BUSINESS MODELS AND CO-OPTATION OF INFORMAL PRACTICES**

The term BoP business model is used to describe how MNCs generate and capture value from the BoP, which emphasises that informal microbusinesses and their business models have been co-opted into broader MNCs strategies (Mutis and Ricart, 2008). Prior research emphasised great attention to MNCs and other actors such as large companies and NGOs to develop business models and innovate goods and services adapted to the BoP (Kolk et al., 2013; Simanis and Hart, 2009; Ricart et al., 2004). However, informal microbusinesses in this context developed business models, which were adapted and co-opted by MNCs. By co-optation of business models, the researcher means how MNCs copied the business models created by the existing informal microbusinesses. The BoP literature has paid relatively little attention to this phenomenon, highlighting business innovation for the poor, rather than by the poor themselves (Kolk et al., 2013; Johnson, 2007). This research shows that BoP innovation in Ghana has been based on co-opting existing informal business models by multinationals.

The main concepts used here, such as pre-existing business model, adaptation of BoP strategies, and co-optation, and reinvention of products are explained below (Fig. 9).

#### **5.3.1 Identifying Existing Informal Business Models**

When multinationals began to investigate local BoP markets between 2004 and 2010, managers studied informal microbusiness closely. Several managers noted that they paid close attention

to the way in which they engaged their customers. In the financial sector, the branch manager of Bayport Financial stressed:

*"The model of the operation within the market was examined by our management team after our entry [in Ghana]. We needed to examine it to enable us to stay in this market. It was based on integrating their models in our strategy and tackling the issue of acceptance by the contributors in the market. Knowing that the model has been in existence for several years and the customers might get used to the process, we have to think as to what can be done to attract the consumers. Even though it was not easy as it was the same model but we just needed to do something by modernising it to suit the market well."*

Rather than identifying gaps in the market, this financial company sought to leverage existing practices in the informal economy in order to operate successfully in the market. They focused on co-opting the existing business model of collectors, by updating and adapting it to their business practices (Anderson and Markides, 2007).

In the FMCG sector, some managers noted that, although the market entry was easy, the problem was the smooth integration of the local informal practices and the comprehension of their process of doing business with the consumers. In this view, the territory manager of Unilever stressed:

*"After entering the market, I was overwhelmed to see how the local intermediaries prepared the unbranded sachets with local tools and measurement, which was sold to the final consumers. With active bargaining process by the consumers, they were comfortable buying at different prices. In fact, I was baffled on how to copy the process initially. I took time to properly examine it before I was able to replicate these models. However, I wasn't sure whether the consumers could patronise ours since they were used to the unbranded sachets. We did well to repackage the same brands in the factory's sachets level to suit the informal market system (Territory Manager, Unilever)".*

A number of microbusiness-initiated business models have produced good results, but they are not easily replicable and do not scale. So, MNCs in this market have an important opportunity for co-optation that centres around redefining the process to suit the market environment. Repackaging strategies, such as branded sachets, can have a positive impact in terms of scale. As argued by Hammond et al (2007), companies can consider the single-serve revolution as a



way to get the products to the BoP markets. Such an approach used to package items within sachets can make them affordable to the poor.

In the telecom sector, one of the managers of Vodafone Company had this to say:

*“The local micro businesses operated in the market before we entered. We examined their business models to understand how they transact business with the local consumers. We then remodelled their business models to serve the market (Head of Strategy and Innovation, Vodafone)”.*

The above quotation indicates that the informal business practices were in operation before the MNCs discovered and copied them. Prahalad (2004) has already argued that MNCs' reluctance to consider BoP markets is based on misguided and preconceived impressions they hold about the low-income market. Recently, Arnold and Williams (2013) have also highlighted the reasons why many MNCs reject BoP market and included pessimistic perceptions about the poor people's ability to afford their products and services, making the market undesirable to consider. Indeed, MNCs in Ghana initially assumed that the BoP market held any potential as the poor cannot afford their goods and services. MNCs in Ghana changed their negative perception of the BoP market and started paying attention to the market after 2004 onwards. It can then be argued that Prahalad and co-authors BoP approach influenced the decision for the MNCs to pay attention to the market.

### **5.3.2 Adaptation of BoP Strategies**

This co-optation of existing informal practices was interpreted differently by managers across the industries. The manager in MTN viewed the process of co-opting microbusiness processes as a way of first entering into BoP markets and subsequently gaining market share. For example, the customer experience manager of MTN revealed:

*‘When we observed the informal microbusinesses activities in the market, such as serving the final consumers with ‘space-to-space’ phone calls with exorbitant charges, we developed strategies to enter the market. Then, we decided to interact with the local microbusinesses and the consumers to know exactly how they create those models and the benefits associated*

*with it. We then improved our strategies and brought in phone booths and calling cards to enable consumers to access phone calls easily. Some of our existing brands were remodified to enter the market. The company introduced calling cards to be used for mobile phones. Our products now prevail everywhere in the market, and the entire market is under our control. We controlled the supply and prices and had new microbusiness owners selling our products and services to the final consumers’.*

Similarly, those managers in the financial industry segment showed how they copied operators’ models in the market. An interview with one of the Barclays Bank managers revealed that they were confident to capture the market from the collectors. He revealed that:

*“In the early part of 2006, we had about 450 accounts with the bank. Initially, we found it difficult to understand the local models, but we did everything possible to talk to the operators. In fact, we tried and failed in the previous year but have improved all the models and have come down to the level of the customers. We failed because of certain techniques that weren’t applied well, and also the customers did not trust us as we’ve always denied them in the past. However, we realised the customers trusted the existing collectors among them. We then encouraged the operators to open accounts with us so that short-term loans can be provided through them to their customers. The market is under our control now. There are other big banks in this market, but our bank is leading the market with such huge number of accounts and customers (Director, Retail Manager, Barclays Bank)”.*

The BoP customers trust the existing strategies since there are collateral-free and easy ways of accessing microloans from informal collectors. However, formal practices of lending money to clients involve long-term procedures and provision of official documentation such as land or birth certificates before loans are provided (Arp, Ardisa, and Ardisa, 2016). There are other collectors that operate with different models where they demand no collateral and documents before providing microcredit to the customers. The business cycles depend on trust as the community members and the collectors usually know each other. As Barclays Bank operated in the formal economy, it finds it challenging to provide microloans without following due formal processes.

In the formal economy, the banks operate in a context and do not act in a vacuum. Most MNCs compete with several other firms for customers. The key competitors operating in the same market are Standard Chartered Bank, Fidelity Bank, CAL Bank, Stanbic Bank, Zenith Bank,

Prudential Bank, UT bank, etc., suggesting intense rivalry. The segment becomes unattractive if it contains multiple and strong competitors (Porter, 1985). However, according to Porter's competitive force, when both entry and exit barriers are high, profit potential will be high as they face more risk because poorer-performing companies stay in and fight it out (Kotler and Keller, 2006, p.342). In this case, banks making profit in this market segment cannot be wholly guaranteed.

In the informal economy, also, microfinance institutions operate in different models such as providing macro-credits to the customers. Macro-credits are loans given to groups of rural community members. This enables the community members to start their own microbusinesses or enterprises. A key component of the macro-credit model is that it should help communities help themselves. All these microfinance institutions compete in the same market with the formal banks for the same customers. The common thing is that most microfinance institutions receive their funds from banks and other social enterprises at a standard interest rate and do business with it. This makes it problematic as microfinance institutions should increase interest rates in order to make profits. In Ghana, the bank lending rate (the average rate of interest) charged on short-term loans by formal banks to the market between 2005 and 2017 is 35.50%, with reaching an all-time high of 42.84 % in July of 2016 and a record low of 21.24 % in March of 2008 (Trading Economics, 2018). However, the microfinance institutions charge between 48% and 78% per annum, showing significantly higher profits margins accompanied the higher risk of default. The significant point is that consumers get the choice to go for formal bank loans or informal microfinance. The informal microfinance loans have little bureaucratic process before loans are granted to customers. Most customers in the BoP market prefer microfinance loans because of little or no documentation, and they also have more trust in traditional institutions. This indicates that consumers in the BoP market pay high-interest rate on loans provided to them by the microfinance institutions in Ghana.

There are other issues in the regulatory environment concerning formal banking operations, such as licencing. In Ghana, the law permits banks in the formal sector to do microfinance activities but the microfinance cannot do banking activities (BOG, 2017; The Banking Act, 2007). The Banking Act provides power for formal banks to enter and operate in the informal economy. This is because the informal economy is characterised with microfinance or enterprises that often lack formal registration with local or national authorities, few restrictions to set up a business, high levels of competition and high levels of overall insecurity (Ghana Christian Aid, 2011). The sector's enterprises are not often legally regulated, recognised, recorded, protected or regulated by public authorities, which make it challenging to engage formal sector activities. Thus, in Ghana, microfinance that is not registered are penalised when they are found in the formal banking business activities.

In FMCGs' sector, Unilever viewed microbusinesses in a different light and highlighted that its business models directly informed the company's BoP strategies. The territory manager of Unilever was candid about their approach to capture the market:

*"Microbusiness buy the long key bar soaps and cut them into smaller units for resale. Unilever decided to produce smaller units bar soaps and sell to the people in order to regain its market. We then produce mini key bars, toothpaste (Pepsodent and Close-ups) in sachets, etc. We have them in different sizes such as 15g, 35g, 60g, 175g, and all these were suitable for the local market. From then, most of our products were reproduced in sachets for this market (Territory manager, Unilever)".*

Capturing the market becomes a viable strategic objective for the company, but it is entirely different from making profit. This strategic approach may entail some costs to the company, and the middlemen will be gaining income during the process because they are involved. However, the company uses the approach to gain market share. In this way, Unilever has much of their branded sachets spread across the market which are sold by existing informal microbusinesses. As demand for the branded sachets increase, they gradually replace unbranded

sachets. Capturing the market can be costly, nevertheless the company opted to increase market share first because unbranded sachets are already sold in the market.

The single-serve revolution has been very successful in the BoP market as the products (toothpaste, key soap) have been sold in small sachets and units. MNCs benefit in this way as it has been argued that the cost of products sold in sachets is much less compared to the cost of products sold in bulk or packaging, as sachet packaging is a less expensive mode of packaging (Karnani, 2007). The other benefit is that per unit margins in sachets are less and firms have to sell in volume (Prahalad, 2006). Poor consumers also gain as they can afford the price of small amounts and get the products they want. However, seeing the immense problem with rubbish, especially plastic can create negative impact on the environment, and this is the downside of the single-serve revolution in the BoP market (Karnani, 2007). Ethical concerns have been raised over the environmental problems caused by non-degradable plastic sachets (Prahalad, 2006; Davidson, 2009), but in the case of Ghana no good solution has been established for disposing of plastic, and it remains a significant environmental threat.

In sum, the MNCs entry in this market indicates their capacity to adapt and innovate at the BoP, making them successful. Indeed, the success in the BoP market depends on all other factors that can make firms demonstrate adaptation of local practices and make goods available at affordable prices. MNCs approach in this market shows that they selectively overlooked the traditional developed market approaches to business and instead adapted local informal business practices to make their own. The company managers in this context learn to co-opt the local microbusiness strategies to engage the consumers and build a co-creation platform.

#### **5.4 REINVENTION OF BUSINESS OPPORTUNITIES**

Reinvention means to produce something new that is based on something that already exists.

Reinvention is also a process of looking at the current business model of the informal economy and transforms the model into profitable business opportunities. The interview data shows that

the MNCs produce more by reinventing the existing goods. This suggests that the MNCs leverage these models to generate opportunities. Anderson and Markides (2007) argued that companies are required to meet the need of customers and widen the definition of what the product can do. In particular, my analysis covers how MNCs' managers think about the way they are reinventing products and services in the market.

#### **5.4.1 Modification of Existing Models**

This involves the adjustments made to the current products in the market to make it more appealing or functional for the consumers. The MNCs' managers articulated this in so many ways in the data, for example changing products' shapes and adding features. For instance, one of the managers of Unilever insisted that they adjusted the existing products by making it more efficient and appealing to the consumers.

*"Having considered and operated in this market, our research staff started thinking about the brands to be made for the next ten years to come. As a result, the company always adjust the function of existing products through repackaging to make it attractive to serve their purposes. For instance, we repackaged a hand washing powder (Omo) and launched it last year. In fact, it was the same washing powder that was already on the market, but we've added certain things to make it more effective for hand washing and other purposes. We've been able to renew such products due to how the consumers use them in their various homes (National Sales Manager, Unilever)".*

A product can become more appealing because of functionality, i.e. washing powder that works well in cold water for hand washing. The business strategy was, therefore, to add additional ingredients to enhance the function of the product to suit the market. In this case, the functionality was made more attractive to the BoP consumers.

Similarly, in the case of food products, some managers articulated that product modification is just about changing the packaging. No additional ingredients were added to improve the product functionality, it was just the packaging. Consider the comment below:

*"In 2005, our popular brands of beverages, such as cocoa powder (Milo), infant formula (Nido), and Nescafe, were all repackaged in branded sachets after we've copied the local*

*microbusiness models. The strategy was just repackaging into branded sachets to make it attractive and affordable. Eventually, patronage into these new products by the local microbusinesses was high as the consumers demanded more of such sachets across the market. We made the locally prepared unbranded goods in smaller units fade out of the market. It was understood to be in my company's interest as the strategies enable us to get profit in the long run (Field Sales Manager, Nestle)".*

A lot of the time, the packaging was changed to make it more attractive to the consumers. In some cases, the functionality of the products will also change, and it makes them more attractive to the consumers to the BoP. Very often, what happened was that it was only the packaging, for example, 'Milo' and Nescafe. As already highlighted, the majority of the cases were for repackaging with some instances of products to add value.

The instant coffee sachets with containing a combination of coffee, sugar, and milk-powder were a packaging strategy of Nestlé for consumers at the BoP. Consumers buy sachets, and they have all the ingredients on hand to make a sweet white mug of coffee, wherever they happen to find themselves. Separate components that were already sold in the market by the microbusinesses that needed to be combined for the same purpose as a result of packaging. Several advantages emerge from this as consumers switch from consuming unbranded sachets to buy branded sachets, with increasing consumption. Again, the consumers' safety is high as they have better and more hygienic products that are consumed as compared to unbranded sachets prepared by microbusinesses.

In a similar vein, an interview with a Barclays Bank manager on how they approach this market was quick to respond concerning the improvements.

*"We improved the service of the collectors in the market. It started by analysing the process carefully before embarking on strategies to pursue the market through the collectors themselves. Invariably, it was the same existing service that we adopted, and no new ones were created. As a result of improving the service, microcredit was increased and provided to the local market customers, which has a recovery rate of 90% for three years between 2012 and 2014. I feel we'll continue to improve the service to do business with them because it is becoming less risky (Branch Manager, Barclays Bank)".*

Likewise, a manager from MTN stated that the company was first from the telecom sector to engage in this market and made some adjustments. The manager said:

*"Local microbusiness owners were operating by connecting the main telephone lines to their various micro-stores, which the consumers go to them to make calls to the loved ones of paying some fees. A pilot project based on research was designed to consider the market and improve its performance by siting public phone booths. We made calling cards, but they were a bit expensive. In fact, this is the basis of our market leadership with no competitor able to compete with us. As a result of the influx of mobile phones, the company has produced more calling cards for different kinds of users to choose from (Sales Manager, MTN)".*

Ghana is described as one of the most competitive telecoms markets in Africa (Modern Ghana – Business and Finance, 2015). This follows statistics that with a population of 25 million people, the telecom market share is being controlled by six operators (MTN, Vodafone, Airtel, Tigo, Glo, and Expresso) making it an extremely competitive market. In 2017, Ghana's telecom sector witnessed a significant transformation as owners of two of the major players in the industry, Airtel and Tigo, merged to form AirtelTigo. The merger of these local bodies created the second biggest operator in the country by subscribers and competing vigorously in the market (National Communications Authority Report, 2018). The merger, the first of its kind in Ghana, is an effort to increase share in the West African region where mobile phone use is one of the highest in Africa and competition for 37.4 million mobile phone users is fierce (Reuters, 2017).

MTN dominates with 56.5% of subscribers, AirtelTigo with 25% and Vodafone following with 21.9% (Reuters, 2017; Ghana/JoyBusiness, 2017). In a highly competitive telecom industry like Ghana, to succeed means the company has to respond quickly to demand. MTN provided more calling cards for different users and extends network coverage in both urban and rural Ghana. MTN's mobile data subscription for September 2017 was nearly 13 million, reflecting the above market share (NCA, 2017). The issue is that they are unable to provide better voice quality, high-speed data service, and reinforcement of network stability. Since competition is keen in



this sector, it is expected that AirtelTigo business can challenge the MTN as the market leader if they decide to adopt the same strategy. This can, therefore, improve the competitive dynamics of the telecoms sector as well as strengthen the mobile ecosystem in the long run.

A chat with a manager of Vodafone Ghana in 2015 about how Vodafone performs in the telecom sector, the manager commented;

*"Vodafone is number 2 in Ghana while the leading MTN has the largest market share. However, in terms of profit, no one can boast about it. The fact that MTN is leading does not mean that they are getting more profit than all of us (Sales Manager, Vodafone)."*

Due to confidentiality policy in the company, profit information is rarely revealed to outsiders. However, the Vodafone's manager answer suggests that the leading MTN could not make more profit than the other competitors including Vodafone. That is, MTN is leading the market share, but profitability is a separate issue.

In the informal sector, there are infrastructural problems that affect companies operation. An interview with a microbusiness owner in the telecom sector that deals with MTN had this comment below:

*"MTN has gradually taken over the market as the space-to-space model has declined and has changed the system by replacing with the selling of mobile phone calling cards. The company has added internet bundles to the line of services. Notwithstanding the company's lousy network system as people usually hold on to their calls for several minutes before going through (which sometimes fail). The situation has worsened as there have been rampant network failures by other Telecom Companies' that do not help our business to improve as customers are unhappy. The companies do less whenever such incidents occur to the extent that the staff members go into hiding. In effect, they do not answer any queries when I contact them (Micro Store Owner, Koforidua; Street Hawker, Tema-Accra)".*

As mobile phones are a wireless handheld device, it allows users to make calls and send text messages, among other features. Recently, Smartphones provide access to the Internet and have touchscreen user interfaces which run third-party applications and 'Over-the-top' (OTT) services. In the telecom sector, the OTT is referred to as "value added" and it is the services

that are used over and above the core network services of the service provider, causing mobile devices to become a necessity rather than an accessory item (Sankaran et al., 2011). In Ghana, the network service providers capitalise in OTT services with the aim of increasing the host of services they offer to their customers as well as an upgrade of telecoms infrastructure. The OTT apps provide video, audio, and photo and video sharing as well as adverts that increase the networks' data traffic. This data is utilised by both the sender and receiver thus resulting in more data consumption and data revenue for the telecom providers. This can raise revenue for the telecom operators as they operate in the BoP market. In Ghana and other African countries, mobile devices provide enormous economic and developmental benefits by facilitating money transfer, e.g. MTN Mobile Money and Airtel Money (Sankaran et al., 2011).

The infrastructural challenges concerning the telecom companies' inability to restore network connectivity when it is down is enormous. Ghana being a developing country, necessary power infrastructure remains a challenge across all of the carriers, especially the further out into the more rural/remote areas. Therefore, commercial power and refuelling remain a challenge in this sector. Also, network connectivity remains a challenge, but with technology leapfrogging, fiber is primarily used for recent connection. However, the issue remains that without a robust infrastructure, network stability and connectivity expansion becomes problematic. Moving forward, however, it should be noted that submarine fiber, meaningfully supporting bandwidth growth, is already being used. However, in Ghana, fiber cuts and battery thefts continue to affect network performance, as it takes time to identify and repair the damages caused, with repair and replacement of materials coming at large cost to the telecom companies.

The informal economy suffers from other issues in the business environment such as a proper address system and easy relocation of microbusiness stores, which impede the progress of smooth running of business. Such matters reduced the attractiveness and efficiency of the country's business environment and Africa in general among companies. However, the strategy

adopted by the telecom and the formal banks were to enter the market to integrate informal business practices in order to succeed in the market.

Added to the infrastructure challenges are issues in the economic environment in general, in particular inflation. The risk of high inflation rates is part of the growing challenges of a developing country. Ghana's inflation rate was 18% for 2015, which is high compared to other emerging economies (World Bank, 2017). Also, from the first to third quarters of 2014, the Ghanaian Cedi deteriorated by approximately 30% against the major international currencies. The economy declined rapidly, the prices for goods and services increased by about 17%, while suffering from erratic power supply. High inflation rates have a direct effect on consumer buying behaviour. The high inflation rate meant that MNCs increased margins on renewed products and services in the BoP market, resulting in lower profit for the informal microbusiness. As a result, poor consumers pay high prices for MNCs' goods and services that do not meet the intent of BoP principle (Prahalad, 2010).

In sum, the views of managers on modification of existing products and services, which is based on how the MNCs adjusted the existing products in the market, is strongly reflected in the interviews. The above comments suggest that the MNCs only modified the current products and services but did not create any new ones. However, the existing products were renewed, adding value to them in terms of functionality, in some cases. In other cases the companies only repackaged existing products to make them more attractive to BoP consumers.

However, microbusinesses realise less income from branded sachets due to high-profit margins on items in favour of the MNCs and that makes it problematic. Increased consumption of sachets has been criticised on the grounds of environmental issues and impulse purchases (Karnani, 2007; Arora and Romijn, 2011), but they nevertheless create value for consumers.

#### 5.4.2 Internal Management Capabilities

This represents the internal strength of the MNCs manager's competencies to reinvent products in this market. It further considers how the companies begin to develop internal management capabilities to deal with the BoP. For instance, one of the managers highlighted that their company wanted to become successful and the only way was to have reinvented products for the BoP market that would enable them to stay and get profit in the informal economy:

*"The company was used to deal with big retailers in the cities without focusing on the lower-income group's market since its establishment in Ghana. Initially, we did not have any interest in this market. In 2002, we realised that microbusiness owners from the local market were approaching us to place orders into their respective stores. They would be found queuing in front of the factory display area to place orders, and this situation went on for a while. Then, I discussed with my MD and colleagues (managers) to investigate why the microbusiness owners came to us. Then we dispatched marketing representatives to trace their business activities in the local market including how the final consumers patronised the brands. An astonishing thing we found was that the micro store owners were recommending brands to the consumers as to which one was good or bad without proper product information. Upon the owners' recommendation, the consumers believed it and followed to make choices for the brands. Subsequently, deliberations were made, and we concluded that we should stop them from approaching us and rather approach them instead. We began to supply them directly across the rural areas in 2004. The manager told me that, this has been helping the company since they heard about the BoP concept and had learned a lot from the microbusinesses in the market. Therefore, if I hadn't noticed this trend, it'd have taken more time to engage the local microbusinesses in this market. Since then, the company has been redesigning more goods and has generated some opportunities in the market (National sales manager, Unilever)".*

In this vignette, the interest of the company started with the observation of the local microbusinesses queuing at the factory's distribution centre as the local microbusinesses wanted to get direct contact with the company. The existing distribution channels available for company suppliers of goods include wholesalers, retail outlets, and agents or distributors. However, the local microbusiness strategy indicates that they needed to have direct relationship with MNCs by cutting the existing middlemen to get supply. Also, they wanted to escape other bureaucratic process of distributing goods in the system that take along lengthy interruptions before goods are supplied to them.

The interest of MNCs observing the microbusinesses queuing at their distribution centre was an important point. The local microbusinesses have the interest in co-operating with the MNCs as they wanted to go round the wholesale to cut the middlemen. MNCs were fast to consider the local microbusiness owners moved and responded accordingly. However, the counterfactual is that, if the existing wholesalers including the big retailers and supermarkets could have observed the microbusinesses and started co-opting their local practice in the BoP market, the result would have been different. They could have established strong ties with the microbusinesses, disallowing MNCs to enter the market to tap the opportunity. Since middlemen do not produce, developing branded sachets production for the BoP could have interfered as well as co-creation solution between MNCs and the poor microbusinesses. As it stands now, MNCs approach can salvage the final consumers from consumption of unbranded sachets sold in the market.

Other macro-environmental factors in the distribution channel include corruption such as 'whom you know' and nepotism, which slows down the flow and eventually raises distribution cost and prices of goods. Also, in Ghana, problems have been reported with timely distribution of goods with some reports of solicitations for bribes from retailers before delivery. Local microbusiness interest is to evade this long-winded system and focus on getting supply directly from the company. This strategy enables local microbusiness to remove unwanted distribution cost, corruption, and bribery in the system created by the existing middlemen. Attaining reasonable profit can, therefore, be assured in the long run.

The MNC's response also undercut the power of traditional wholesale structures that existed before they entered the BoP market. MNC's approach was a market development which is to build relationships with the informal microbusinesses in order to serve the market. Prahalad (2004) argued that market development at the BoP needs a new ecosystem and gave examples that ecosystem consists of large firms, civil society, entrepreneurs and small enterprises. In this

context, the ecosystem consists of the MNCs (Unilever) and the microbusiness serving the BoP, as shown in the interview above. This is a clear example, and the collaboration between them builds a viable business model to serve the market as both contribute differently to the overall task of serving the consumers at the BoP market.

The company's strategy of building an ecosystem brought changes in the BoP market as there was a co-creation solution, which did not exist before the company's entry in 2002. Existing products were remodelled, and better quality products at a lower price were useful for consumers. The redesigning of goods generated some opportunities in the market. As it is, the company learned about the local microbusiness models, consumers, their needs, and their aspiration at low cost. This is because the companies have been provided with the information which they would have paid dearly if not the relationship. The co-creation solution also brought to the market a reduction of risk as it is likely that both the key players (Unilever and microbusiness) jointly accept the product before selling to the consumers. This is because microbusinesses are part of the BoP consumers and understanding their needs influence the market demand. Unilever approach indicates that microbusiness and the consumers would not be only passive receivers of redesigned products, as earlier BoP scholars argued.

In the same way, the action taken by the MNCs to supply products to the intermediaries' doorsteps instead of waiting for the microbusinesses to approach them indicates the MNCs' receptiveness to exploit the opportunity. This indicates that the MNCs are ready to serve the market and to meet the requirements of informal economic microbusiness and consumer demand. In the end, consumers will also benefit as producers are closed to serve them in many ways including product education and regular stocking of goods to avoid shortages that are often common in the BoP market.

It has been argued that the challenge for MNCs to serve the BoP market lies in reinventing Western models of doing business to fit the local needs and requirements of this vast market (Prahalad & Hart, 2002; Mahajan and Banga, 2006; Sridharan and Ritchie, 2008). In understanding how MNCs tap into business opportunity in the informal economy, one of the managers in the financial sector explains how his competencies enable the company to show attention to this market and integrate banking technology in the existing models to enhance the business operation to the standard level. This is reflected in the following vignette:

*"Bayport Financial was originally providing credit to the customers that collect their salaries from their bank and were referred as 'payroll type earners'. The repayment was on the deductions on the payroll of the customers, and the lending was tied to the people with salaries. My role was to supervise the activities of the payroll system of lending. When I heard about Prahalad's BoP, I realised that we lacked something since credit was being given to only the formal employee workers. I then asked myself, what about the people in the informal sector? Can't they also get credit? This is because few of them in the local market have been approaching me for help but they lacked the requisite collateral to access loans. Besides, having realised that, the informal sector has been inaccessible to financial services within the economy, an attempt was made to try them with the support of microinsurance to protect the loans. As the managing director agreed to consider that option, we quickly invited them to work. In short, Bayport Financial began to show attention to the market by locating the collectors who were originally serving the market to engage them. We then studied the collectors' model, reduced the risk by introducing technology such as software to enhance the smooth operation of the business. Through this, more avenues were recreated to serve the market (Head of Micro Division, Bayport Financial)".*

In analysing the business environment, Bayport was first interested to exploit the opportunities in this market. However, the appropriation of the technology for the local environment requires the managers to assess whether the informal business approach of collectors and their local customers were ready to change their values, expectations and behaviour on the use of the renewed models applying in the business by the MNC. The introduction of the software and micro-insurance schemes enable the bank to reduce risk associated with the market in the informal economy, such that monitoring can be easily checked and evaluated. This strategy adds value to the informal economy business models that are co-opted in the BoP market.

The Vodafone managers described how they consistently scanned for information through the reinvention process, and adjust their existing products' functionality in many ways.

*"We continue to gather information and have now redeveloped different packages such as monthly, weekly, and daily packages necessary for this market. Other packages also include Internet bundles. It enables our customers to top up their primary and secondary internet devices, using a single bundle. They can also top up for themselves and a friend or family member, with single bundle purchase. This market has become our focus, and we're doing everything to survive (Head of strategy and innovation, Vodafone)".*

It is necessary to reinvent strategies for the informal economy if MNCs are to become successful in this market. This can be integrated into the strategic planning for future. Such information also helps MNCs in this market to identify competitor strengths and weaknesses and to develop strategies in the market. Since Vodafone is in the BoP market to make a profit to survive, they successfully make reproductions that meet the demand of the market. The managers' competencies reflect the company's strengths and weaknesses.

The following table is the additional representative quotes on co-optation of business models and reinvention of products and services.

**Insert Table 4 here**

## **5.5 IMPACT OF BOP NEW BUSINESS MODELS ON BUSINESS**

This section assesses the impact on both informal economy and MNCs' business. Prahalad argued that BoP business models are based on innovative approaches to make previously unavailable goods and services available to the poor. Many of his examples highlighted that these approaches would be beneficial for the poor that were co-opted. This research showed that innovation by multinationals at the BoP is often better characterised as adaptation and co-optation. Also, it rarely serves to make completely new goods and services available, it rather consists of upgrading and extending existing services. Finally, the impact on the microbusinesses that are co-opted into these new BoP business models has been unclear.



Prahalad's work was criticised by Karnani for casting the poor in the role of consumers. However, as in the well-known and widely publicised example of Project Shakti, there were cases in his book that illustrated the role of the poor as co-creators of goods and services. Since then, research has identified a range of BoP interventions by NGOs, domestic SMEs etc. that offer a more differentiated view of how the poor are involved in BoP initiatives and their relative success (Jose, 2008; Johnson, 2007). However, I argue that the cases of FMCG, mobile telephony and finance in Ghana highlight a different pattern, which raises significant concerns about the impact that being co-opted into BoP business models by MNCs has on informal microbusinesses.

#### **5.5.1 Impact on Business Models on the Informal Economy**

The microbusiness owners that were interviewed responded overwhelmingly negative when asked about the impact BoP business models had on their livelihoods. They reported lower levels of income, low educational standard, and lower personal status in their communities. In order to understand better how they experienced these changes, I asked them questions related to perceived self-assessment and marketing support from MNCs.

Perceived self-assessment: Perceived self-assessment refers to the process of considering oneself in order to examine various aspects that are relevant to one self (Sedikides, 1993). To gain a better sense of how the owners of microbusinesses thought about what made them successful, I asked about their level of income and living expenses, personal status and what they have achieved, as well as information on family size and present living conditions. Many of the owners mentioned that they were able to meet their living expenditure (payment of bills, school fees, food, etc.) when they started out before multinationals entered BoP markets. After the entry of multinationals, many owners of microbusiness were concerned that their incomes were reduced:

*"I wasn't lucky enough to gain a formal education as I dropped out at the early stages of school due to the early demise of my parents. I then got little money and invested in this business with no help from anybody. Initially, my business was progressing well and raising my personal status in this community as there were a lot of prospects. Suddenly, the companies entered, and my business began experiencing a decline, affecting my image as badly as my income (Microbusiness in Choko, near Accra)."*

In the same vein, the collector in the Ashanti Region commented:

*"Over a decade, I was running a lucrative business before the bank came into the market. I was one of the most respected people with high personal status before the bank's entry. I was able to acquire a property in my name. Suddenly, the margin of profit and business prospects began to decline after the bank has entered into this market. The bank's presence really affected my business to the extent that I was unable to meet my expenditure such as paying my children's school fees and bills. The most painful thing is that the bank is gradually grabbing the business from me since I'm losing customers in the market. This situation has really affected my business, my life and family and I blame all on the bank's entry ('Susu' Collector, Kumasi)".*

Similarly, a street hawker who sells various calling cards on the street lamented about the nature of his job and how MTN is not helping:

*'I'm 43 years old and sell on the street. My job is hazardous, and I could be hit by passing vehicles. My educational background is a secondary school with O' Level certificate. I've got a family of 3 with the youngest one in class one. My living standard was okay some years ago but has changed ever since MNCs' came into this market. Consequently, I am unable to afford my children's school fees, food for the family and other living expenditures such as health-related costs for the family. My living condition continues to deteriorate and has affected my personal status (St. Hawker, Takoradi)'.*

With the introduction of BoP business models, competition and co-optation undermined existing informal business models, and in this case, the owner of the microbusiness highlights that it did not just affect his income, but also his personal reputation, which was enhanced by his previous business activities. It also highlights that the BoP in Ghana is perhaps somewhat different from other cases of BoP initiatives, for example, the case of Avon cosmetics in South Africa (Dolan and Scott, 2009). Here, poor women received training and seed money before becoming Avon salespeople and clearly profited from having their personal skills and resources enhanced by Avon's business model.

This does not apply in the Ghanaian cases, where multinationals co-opt and adapt existing business models created without any support for poor communities. Hence, the impact of BoP business models is more ambiguous than Prahalad (2004) initially outlined. In our interviews with microbusiness owners, many blamed the multinationals' entry into the informal economy; however, some also attributed this to their low educational standard, which they felt inhibited the growth of their business.

### **5.5.2 Impact on a New Business Model of Formal Business (MNCs)**

Intermediaries' views on marketing support: The marketing support for microbusinesses describes the activities conducted by MNCs in the market in order to gain economic returns from finding a potential BoP opportunity. This aspect also involves the decision to act on a perceived opportunity and the accompanying behaviours aimed at realising the value of the opportunity. That is, the informal microbusiness regards it as the MNCs managers' strategic decisions to provide marketing support to them in order to exploit the market. In this situation, MNCs offered certain provisions such as product information, painting stores, merchandising, and credit facilities to the intermediaries. These measures appear to support the local people to develop their microbusinesses.

Comparisons among the intermediaries indicated that microbusiness owners – even though working in a different environment – differ in how they evaluate what the MNCs provide. For example, microbusiness owners operating in the same market segment and geographical area diverge significantly in their opinion. One microbusiness owner was ambiguous about the support provided by MNCs:

*"I do receive support in the form of product information, merchandising and image window activities from the MNCs' staff. Image window appears to look decent where the company beautifies certain corners in the shop purposely for displaying their goods. However, the MNCs officials become angry when they come to see other competitors' goods mixed up with theirs on the shelves. To me, this exercise does not primarily contribute to any profit making to my*

*business as it is only there for the benefit of the companies. They make me think it will help me but nothing is gained from this apart from its beauty (Microbusiness owner, Tamale)".*

In addition, a roadside table-top business owner viewed the support from the MNCs as a form of tokenism:

*"I used to receive umbrellas once every year from the company. The umbrella helps by preventing sunshine and rains from deteriorating the products I'm selling. Frankly speaking, I'll be able to purchase these umbrellas when reasonable profit margins are provided by the companies instead of these tokens. All that the MNC officials are interested in is the collection of their feedback on their products when they visit me. Even last time I made a complaint to them about a robbery attack, which took my money and goods but they didn't show any concern (Table-top owner, Accra)".*

On the other hand, one of the collectors viewed aspects of the new arrangements more positively:

*"In Ghana, debt recovery exercise required somebody or an outsider to be involved. This is because the local consumers may see the stranger as different and would resist getting in trouble with such a person. If they don't know the person within the community, then they maintain fear that legal action could be taken against them should they fail to pay. (This happens when the bank chases the 'Susu' collectors for their money, and the 'Susu' collectors together with the bank officials go around the market for a debt collection exercise). The local customers are forced to pay any arrears within their midst to avoid any problem. I'm able to retrieve money in debt through the bank's assistance, and it is an excellent means of utilising the bank's support. The greater portion of the monies goes to the bank while I receive little or nothing, and that is the issue ('Susu' Collector, Sunyani)".*

The preceding comments suggest that the MNCs make some provisions for the microbusinesses, but these are not considered to make an impact on gaining any profit for their business. The microbusinesses are interested in activities to benefit them by getting income such as increasing profit margins but not something that makes only a marginal difference. Therefore, most of these provisions cannot be regarded as an advantage to the owners of the microbusinesses in this market.

An exception to this is the practice of having the bank officials accompanying 'Susu' collectors to the market for the debt recovery exercise. This is because, without the bank officials'

collaboration with the 'Susu' collector, the outstanding money would have gone into bad debt. One can say that the 'Susu' collector used the bank staff as a strategic point to retrieve monies in debt via recovery duties in the community. This is an advantage to the microbusinesses regarding the utilisation of the support in the debt recovery exercises.

### **5.5.3 Impact on the New Business Model on MNCs**

Marketing support from MNCs: MNCs managers' views on supporting the informal economy were aimed to make an impact on the lives and business of microbusinesses. In order to gain a better sense of how the MNCs provide support for the informal economy microbusinesses by making them successful, I asked about general assistance and collaborations as well as plans for the market. The territory manager of Unilever said:

*"We have a project called 'village project'. In the villages are some micro-stores and customers whose stores, containers, kiosks and other sales points are branded by Unilever. The essence of these branding activities in all these points of sales with our products ('blue band margarine', sunlight soaps, key soaps, Lux soaps, etc.) in the villages is to develop their businesses. In the future, we'll organise training sections for them, and this is called 'Unilever retailer huddles'. In this way, we organise sections to educate them on the product information, funds management, records management, customer services, cleanliness and tidiness of their stores. This is just to bring them up to the state on how we want them to be. This is because Unilever sees them as a vehicle to get to their destination, so they are critical. Unilever equally wants them to behave like them (Territory manager, Unilever)".*

In the financial sector, these types of support and collaboration take on a different form. The bank supports them with the use of new electronic devices in order to reduce risk in the 'Susu' transaction. The general manager of Bayport Financial has this comment:

*"The 'Susu' collectors are supported with sales devices, and the device is carried to the customer's place. The special electronic device has a core banking application system on it. So, it is like, the branch office has moved into the pocket and to the customer for transactions. Therefore, when a customer makes a contribution or saves, they can access the customer's account instantly from the device. The device can issue a receipt to the customer instantly while the amount is deposited. And then an SMS is sent from core banking application on the device to the customer's mobile phone, acknowledging the transactions. All these make the system less risky as compared to before (General Manager, Bayport Financial)".*

There is a significant impact from this technology brought to the scheme, necessary to improve it. In the strategic management process, MNCs can take control of operation when they enter a new market (Rugman and Collinson, 2009). The company envisaged tremendous financial potential in its environmental analysis and decided to take advantage. They collaborated with the collectors and introduced technological devices to improve the business system in order to reduce risk effectively. This approach by Bayport Financial is beneficial to both the actors (collectors and Bayport themselves), and to the customers (contributors) in the market, as the traditional system of operation is gradually substituted with a modern business model which is less risky.

Furthermore, the underlying strategy of providing marketing support for the informal economy stipulates how the MNCs branded the micro-stores and kiosks of the microbusinesses to enhance market appeal to their products. For instance, one of the managers of Vodafone who sees to it that the company's motive is achieved indicated that:

*"Vodafone use their World brand name to create opportunities for the microbusiness in this market. We also provide free umbrellas, t-shirts, stickers, and many other things to brand the sales points for them. In most cases, some of these items or gifts are passed through microbusiness owners to the consumers. Sometimes, the microbusiness stores are painted with red colour to show off the Vodafone icon to the customers. We also organise promotions and other events to bring them together in order to prepare their minds. This is because we really recognise these groups since they sell most of our services and products to the final consumers (Sales and Distribution Manager, Vodafone)".*

From the above comment, it appears that the MNCs provide such provisions (painting store with logos, etc.) to facilitate sales of their products in a particular store. This is also beneficial to both the MNCs and the microbusinesses as MNCs provide that largesse to raise sales. Increasing sales enable both MNCs and microbusiness to gain from the business. This business strategy is adopted by Telecom and FMCG companies that paint microbusiness stores with their logos and brands in the BoP market of Ghana. FMCG companies provide product education to the microbusiness to enable them to have the knowledge in order to advise consumers on

products. The final consumers gain benefits since it becomes easy to identify the products of a particular MNC in the market, for example for those looking for one of Unilever's brands. Indeed, branding micro-stores also creates value by increasing convenience as specific stores are easily identified, but it can lead to higher consumption and impulse purchases by consumers because consumers become curious and explore new products. Karnani (2007) considered this as exploitative since poor consumers are vulnerable due to their lack of education (Banerjee and Duflo, 2007) and often lack information to look around for the most suitable products.

## **5.6 CONCLUSION**

The chapter addressed research question one and focused on the origins, co-optation, and reinvention of BoP business models. The primary attention was on microbusiness relations with MNCs operating in the BoP market of Ghana. It explained how microbusinesses developed business models in the BoP market. Microbusinesses functioned as local intermediaries when MNCs entered the market. In the three sectors, this chapter discussed how each company's products and services were already sold in the market and how MNCs utilised on that advantage to engage the microbusinesses. The companies co-opted the informal business models and reinvented products and services to serve the consumers in the market. Thus, MNCs entry in the BoP market demonstrates the capacity to adapt and innovate at the BoP and make goods and services available at affordable prices.

The chapter also addressed the business strategies of MNCs in the BoP market, highlighting on how MNCs developed their strategies and incorporated different ideas into their own models. In this process, a table was made to demonstrate various strategies of the sectors such as repackaging, product/service improvement and functionality, increasing microcredit and microinsurance products to reduce risk in the BoP market. Co-opting informal business practices as a BoP strategy became the subject for the companies. This strategy development of MNCs in Ghana was a distinct with Prahalad designed BoP strategies that focused primarily

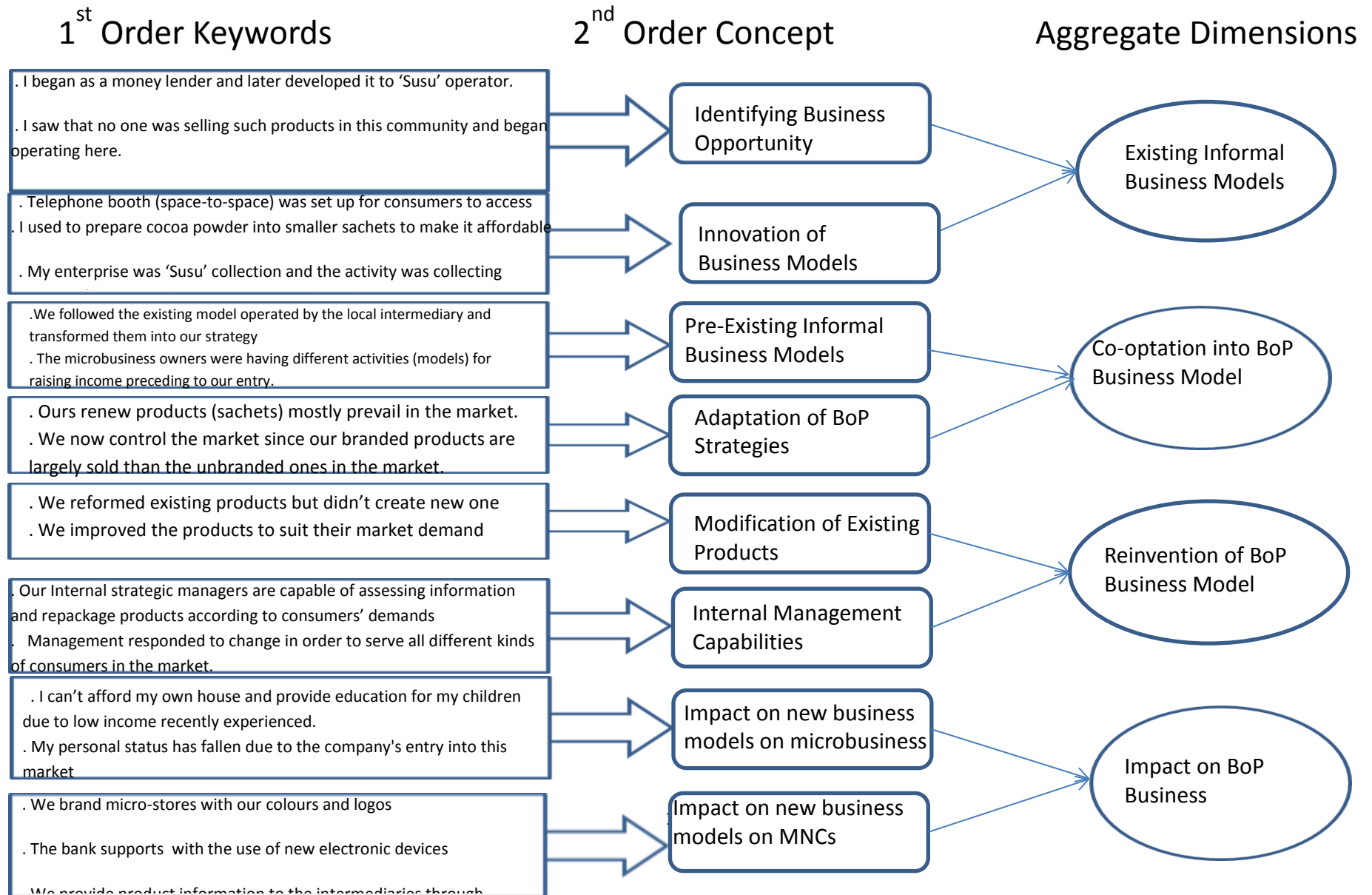
on examples of India and other emerging economies.

A business environment conceptual framework was used to explain the impact on MNCs business models and the implications for microbusinesses in the BoP market, which also add more explanation to addresses the research question one. This addresses the changes in the environment such as the macroeconomic policy of government such as inflation and other technological changes in the sectors. MNCs strategy, therefore, made an impact on the business environment regarding the formal and informal economy as they examined new business strategy.

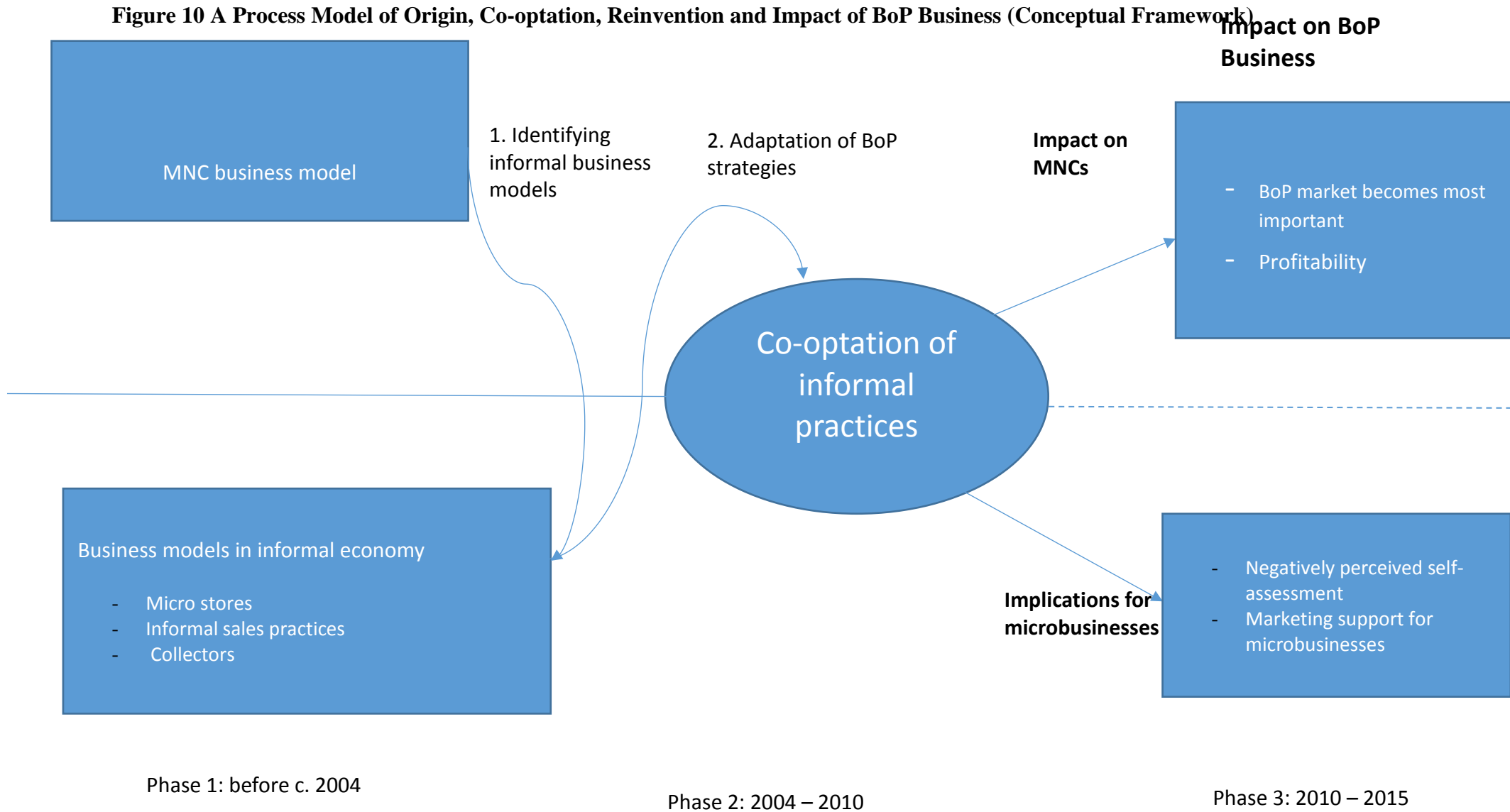


# Data Structure

Figure 9 Data Structure



**Figure 10 A Process Model of Origin, Co-optation, Reinvention and Impact of BoP Business (Conceptual Framework)**



**Figure 11 Different BoP Strategies for MNCs**

BoP Strategies	FMCG	Finance	Telecommunication
1. Information Gathering	<ul style="list-style-type: none"> <li>• Dispatch officers to observe microbusiness practices</li> <li>• Examine the market</li> </ul>	<ul style="list-style-type: none"> <li>• Study informal business practice closely</li> <li>• Open bank accounts for 'Susu' collectors</li> <li>• Attend Community's ceremonies</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Scan the market</u> We continue to gather information and have now redeveloped different packages such as monthly, weekly, and daily packages necessary for this market (Vodafone).</li> <li>• Observe informal microbusiness activities e.g. Space-to-space model</li> </ul>
2. Co-opting Microbusiness Models	<ul style="list-style-type: none"> <li>• Build a relationship with microbusiness</li> <li>• Copy microbusiness business models</li> <li>• Redefine the process</li> <li>• Market development</li> </ul>	<ul style="list-style-type: none"> <li>• Involve in local functions</li> <li>• Copying the informal business models</li> </ul>	<ul style="list-style-type: none"> <li>• Interact with microbusiness &amp; consumers e.g. in community's ceremonies.</li> <li>• Copy &amp; adjust local business models</li> </ul>
3. Reinvention of Products / Services	<ul style="list-style-type: none"> <li>• <u>Product Improvement</u> <ol style="list-style-type: none"> <li>i. Functionality</li> <li>ii. Adjust existing products</li> </ol> </li> <li>• Repackaging strategies</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Service improvement</u> <ol style="list-style-type: none"> <li>i. Electronic devices / software We made certain changes to the service rendered and improved it to suit the market better. We then enhanced the process by introducing modern electronic devices to improve the system (Bayport manager).</li> </ol> </li> <li>• insurance schemes</li> <li>• Credit pass through 'Susu' collectors to consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Reproducing different calling cards</li> <li>• Internet bundles</li> </ul>
4. Support market to increase sales – Generic strategy	<ul style="list-style-type: none"> <li>• Paint micro stores with company's logo &amp; products</li> <li>• Marketing support</li> <li>• Product education</li> </ul>	<ul style="list-style-type: none"> <li>• Increase credit</li> <li>• <u>Educate 'Susu' collectors</u> <ol style="list-style-type: none"> <li>i. We use our financial expertise to educate clients of the 'Susu' collectors on basic financial issues (Director Retail Manager, Barclays Bank).</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Paint micro stores with company's logo &amp; products</li> <li>• Marketing support</li> <li>• Organise events / promotions</li> </ul>

**Table 3 Additional Representative Quotes of the Origin of the Business Model**

1 <sup>st</sup> Order Keywords	2 <sup>nd</sup> Order Concepts	Aggregate Dimensions
FMCG Sector:		
I observed that the community members needed a specific range of consumer goods such as key soap, washing powder (Omo) and others to make a comfortable living. However, they were unable to afford these as the prices reigning in the rich market were expensive (Kiosk Operator, Takoradi).	Identifying the Business Opportunity	Existing Informal Business Models
Oh, I saw that these goods were being consumed in the city and I decided to bring some here to sell. I made plans and started selling goods to the community (Micro Store Owner, Tamale).		
Finance Sector:		
I identified this place to set up office as the traders around were unable to send their money to the bank whiles working. The initial problem was on how to build trust ('Susu' Collector, Mampong).		
After graduating with B'com at the university, I needed to set up my microfinance business and this place was the best. This is because there wasn't any office around ('Susu' Collector, Ho).		
Telecom Sector:		
I am 54 years old and have operated this business for a long time. During those days, we used to see people making calls on TV, but cannot be done here. I then found the need to set up this shop and approach telecom office for line rentals (Micro Store Owner, Taifa- Accra).		
I identified this area as the best place to operate space-to-space communication booth for customers to make calls (Micro store, Kumasi).		
FMCG Sector		
I used to sell a range of consumer goods (Milo, Cerelac, Nido, etc.) by preparing them into unbranded sachets for the poor consumers to	Business Model Innovation	

afford. This process became my primary business model. These models yielded more profit for my business, and it was the first of its kind in the area (Micro store owner, Wenchi - selling Nestle goods).		
Over a decade, I started 'key soap' made by Unilever. It was long bars, and I cut them into smaller units for the customers to buy in this community. This process continues for long until Unilever entered the market to introduce mini-bar soaps in branded styles (Micro shop owner, Sunyani - selling Unilever's products).		
Telecom Sector		
I established a telephone booth at my store which customers in the community come to make calls to their loved ones. This kind of business existed before MTN entered the market to introduce calling cards in 2006 (Micro shop owner, Kumasi).		
Apart from operating telephone booth, I sell top-up calling cards. Such opportunity was identified when mobile phone users were uncommon. Many wealthy people were struggling to queue at the telecom office for these cards. I then made a business plan and approached telecom office to order and start selling top-ups vouchers. The telecom company later produced rechargeable cards and added this to the stock to sell around 2007 - 2008 (Street Hawker, Techiman).		
Finance Sector		
I started with 'Susu' collection business in this market some years ago. Initially, I provided soft loans to the customers, and the model was a traditional lending system, which comes with no collateral. My business now collaborates with the bank where money collected is deposited daily ('Susu' Collector, Sunyani – collaborating with Barclays Bank).		
I am a 'Susu' collector. The range of activities includes a collection of daily contribution from my customers known as 'Susu' contributors and		

<p>then disburses microcredit from time to time to those who want. In fact, this model was good since it brings income that I plough back into the business. Bayport Financial recently contacted me to make savings with them. They, then, supply me with money to give to my customers. I used the same models, but they have recently added some gadgets to improve it ('Susu' Collector, Accra – with Bayport Financial).</p>		
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

**Table 4 Additional Representative Quotes on Co-optation of Business Models and Reinvention**

1 <sup>st</sup> Order Keywords	2 <sup>nd</sup> Order Concepts	Aggregate Dimensions
FMCG	Identifying existing informal business models	Co-optation of Business Models
Yes, the company observed how the locals do business before entering the market. The local intermediary's model existed before the companies came in (National Sales Manager, Unilever).		
Our brands were already on the market being sold in local packages by the microbusinesses. Micro businesses have their models of selling to the consumers, and we tried to imitate their ways and came up with branded sachets. Initially, it was complicated, but we exerted much force to convince them to sell what we have reproduced in the sachets for the market (Filed Sales Manager, Nestle).		
Finance		
The microbusiness owners really existed with different business activities and models before the company's entry (Branch Manager, Barclays Bank).		

<p>We began operation in 2003 by targeting the salaried earners only from the urban centres. Upon hearing Prahalad's BoP concept and observing the 'Susu' operators' approach, the bank open deposit accounts for them. Our attention was then focused on the current opportunities in the market. We then observe the market and found that the 'Susu' collectors were doing great business over there. We then developed models out of theirs and approached the market (Area Manager, Bayport Financial).</p>		
<p>Telecom</p>		
<p>I heard of BoP concept and decided to observe the market. MTN company was already ahead of us, but we tried to penetrate. The local microbusiness operated in the market and their business models were examined. We then remodelled them to serve the market (Head of Strategy and Innovation, Vodafone).</p>		
<p>In fact, the local market existed before our entry. The market was dominated by the informal traders, and we developed our business models in line with theirs (Sales Manager, MTN).</p>		
<p>FMCG</p>		
<p>We were able to capture most of the market based on our company's direction to reproduce some of our brands into sachets or smaller units after realising what the microbusinesses do in the market. Most popular brands of beverages, such as cocoa powder (Milo) and Nescafe, were all repackaged in branded sachets, similar to the unbranded sachets but with factory labelled. In fact, this strategy was successful as we've already examined the micro business' models. Eventually, the locally prepared goods in smaller units faded out of the market as it was replaced by the branded sachets. It was understood to be in my company's interest as the strategies enable us to get profit in the long run (Field Sales Manager, Nestle)</p>	<p>Adaptation of BoP Strategies</p>	
<p>We entered this market with the intention to capture it first before making profits. The company's products</p>		

<p>were already in the market with local business practices operated by the microbusinesses. But these microbusinesses later came to sell the new sachets provided for the market. Our sachets can be found everywhere in the market now (Field Sales Manager, Nestle).</p>		
<p>Finance</p>		
<p>We entered the market purposely for cash deposits. We then encouraged the local ‘Susu’ collectors to save their contributors' money in a safe place. Understanding their concerns for accounts, we quickly welcomed and engaged severe business activities with the aim of penetrating and becoming leaders in the market (Branch Manager, Bayport Financial).</p>		
<p>We started by discussing the business practice of the ‘Susu’ collectors and the customers in the market. We found them interesting and followed it. Credit was provided through them to the customers, following serious business with the local market (Commercial (Asset) Finance Manager, Barclays Bank).</p>		
<p>Telecom</p>		
<p>Our company recently engages more microbusinesses to deal with products and services and the subscribers have tremendously increased over the years. We've highest market share of 52% among competitors and are leaders in the country. This is due to our large business activities with the subsistence market. We now control the market in 2015 (Customer Experience Manager, MTN).</p>		
<p>Dealing with the micro and small business segment in the BoP market dates back in 2009. We have improved performance over the past few years and have several customers selling our products and services (Sales Manager, Vodafone).</p>		



FMCG	Modification of Existing Products	Reinvention of Business Model
<p>The local intermediaries' activities in the market enabled us to adjust product's functions for the consumers. We then came up with brands like Nescafe three-in-one, which is currently in high demand across the market. In fact, the strategy was just the repackaging with a combination of three different products (National Sales Manager, Nestle).</p>		
<p>Thinking about how all the consumers in the villages and slums will consume our products also informed our strategies to repackage the same products but in smaller units or sachets. The sachets products enable us to serve them well (Sales Manager, Unilever).</p>		
<p>Finance</p>		
<p>We improved the service of the 'Susu' collectors in the market to make it more appealing and functional for the consumers. We did that because the current business models were with full of lapses and unsophisticated way of transacting business (Commercial (Asset) Finance Manager, Barclays).</p>		
<p>We developed means from the existing models using similar ways by transforming the models to serve the market. We made certain changes to the service rendered and improved it to suit the market better. We then enhanced the process by introducing modern electronic devices to improve the system. We now serve the market through the few 'Susu' collectors who can use the new devices (Area Manager, Bayport Financial).</p>		
<p>Telecom</p>		
<p>After realising what they do in the market, we familiarised ourselves by attending the local community's ceremonies with a view to inquire more. Prizes and gifts are presented to such events and therefore used the occasion to socialise with them to</p>		

get what we wanted, e.g., information. We then used that to improve the system of services (Sales and Distribution manager, Vodafone).		
The staff stormed the market and examined the existing models. Through that, we were able to reinvent products and even develop mobile money business. The market was strategized under our mechanism (Customer Experience Manager, MTN).		
FMCG	Internal Management Capabilities	
I've ten years' experience in performing this role of the lower income market as a supervisor before promoting to this status. I still ensure stock availability at all times. My experience also attributed to realising the opportunity in this market. Most of our existing products have been reinvented to serve the market. I've achieved by reaching a broader market of satisfying our business goal (Regional Sales Manager, Nestle).		
In our capacity, we analysed the information our sales department bring to our table and find means of serving the market. For instance, we decided to introduce the renewed 'Omo' product to the microbusiness first before launching to the public. This shows how we care for this market (National Sales Manager, Unilever).		
Finance		
The bank focuses on opening different accounts to serve the BoP market through 'Susu' collectors. Through our efforts, the bank offers micro banking "Dwetiri" (capital) accounts; micro banking financial capability programme and micro-banking awards. A "Dwetiri" account is a specialised account and involved capital for on-lending and facilitates savings deposits for 'Susu' collectors, micro-entrepreneurs/businesses in the BoP market. We use our financial expertise to educate clients of the 'Susu'		

collectors on basic financial issues (Director Retail Manager, Barclays Bank).		
When we decided to engage the subsistence market, we embarked on improving the system after we've analysed the way microfinance including 'Susu' collectors do business. The head of this department discussed with the boss, and we created this special office within Bayport to take charge of the BoP's market business (Branch Manager, Bayport).		
Telecom		
The identification of this opportunity was the internal source as the managers have the high competence to access opportunities in the market by reading a lot. I've satisfactorily performed this role and have much experience and do know how to integrate with the residents to do business. This enables my department to recreate more products and services for them (Customer experience manager, MTN).		
I've seven years' expertise in this role, and my responsibility is to see to it that products and solutions reach the rural marketplaces for sale. I care for all types of customers and consumers in this market (Sales Manager, Vodafone).		

The following chapter will focus on the performativity theory as the factor that influences MNCs to enter the BoP market.

## **CHAPTER 6**

### **PERFORMATIVE ASPECTS OF BOP CONCEPT IN GHANA**

#### **6.0 INTRODUCTION**

MNCs that operate in Ghana increasingly invested in BoP from 2004 to 2010 onwards. In the interviews, the majority confirmed that they were introduced to Prahalad's notion of the fortune at the BoP and that it significantly changed their thinking about business opportunities in Ghana. This chapter explores how far the BoP concept was performative and prompted MNCs to investigate business models for the BoP. However, the BoP business models developed in Ghana differed in meaningful ways from how Prahalad and others conceptualised BoP initiatives.

#### **SECTION 6.1: PERFORMATIVITY TYPE**

Performativity theory is known to be the capacity of speech and communication that is not merely to communicate but rather to act or complete an action, or to create and perform an action (Austin, 1962; Kornberger and Clegg, 2011). This definition is related to business strategy as well (Guerard, Langley, and Seidl, 2013), and not only linguistics (Austin, 1962; Butler, 1990). Prahalad and co-authors' (2002) BoP concept has influenced the way MNC managers think about the microbusiness in the informal economy, in which they have turned their attention to focus on the market. Different pieces of evidence indicate that Prahalad's BoP concept influences MNC managers' decision to engage the microbusinesses in the BoP market. There are different types of evidence relating to performativity. Drawing on Mackenzie's (2006) position on differentiating between types of performativity as 'generic' and 'effective',

in this context, I am redefining it as an essential part of performativity that involves 'BoP awareness' and 'BoP influence'. This is because different types of performativity are in evidence within the interviews. I called it BoP awareness because it corresponds to the generic type of performativity. That is, the BoP concept/approach is known and used but with little impact, as MacKenzie indicated it as an aspect of the economic model that is used but is not in itself of great interest. The relationship to the practice can be described as weak as it does not significantly affect the way the managers practise it.

Also, BoP influence relates to the effective type of performativity because the BoP concept/approach has an impact on business strategy. That is, the integration of BoP approach into an organisation's business strategy makes a difference to the way it operates the business. The relationship strength is meaningful as the model makes a difference to the company's strategy in the BoP market.

The table below provides representative quotes from the managers who confirmed that they had heard about the BoP concept and that it is used in the company, but have not done anything, i.e. BoP Awareness. Thus, 'BoP awareness' of performativity corresponds to the managers' awareness of the concept but is of little interest as little action has yet been taken. The next category is the BoP influence, and it relates to claims that prompted the organisation and its managers to consider BoP models to have effects in the market, and evidence that the managers have been in the company long enough to make such claims. For example, the territory manager of Unilever claimed that the BoP concept influenced the company's decision to target the market and that it has brought change to the BoP market. They have specialised trained staff that are specifically tasked to solve all the problems with their customers (microbusinesses) in the BoP market. The BoP concept influences the company's business strategy because their organisation

took action on account of Prahalad's BoP concept, which was officially communicated to them.

## **SECTION 6.2 ANALYSIS OF THE TYPE OF PERFORMATIVITY WITH SECTORS AND MNCS**

This section focuses on analysing the type of performativity with industries and MNCs. It also covers the plausibility of claims concerning the interviewee managers' representative quotations. The interviewee managers' quotes concerning performativity types go beyond organisational level, as they can be demonstrated in industrial sectors and companies as shown in table 5 below.

**Table 5 Analysis of the Type of Performativity with Sectors and MNCs**

	F M C G	BoP Aware	BoP Influence
Industry (FMCGs)	U n i l e v e r	X	<p>When I heard about the BoP concept as a great opportunity for MNCs, I was curious to try how the market works. We had a management workshop in the latter years of 2004 and the BoP concept was discussed by the organisers. Since then, I decided to investigate the practical aspects of the concept because it was meant to be profitable. More interest was shown in this market and we got more income (District Sales Manager, Unilever).</p> <p>Since I heard about the BoP concept, I focussed on the market. The BoP market has been helping the company and much have been learned from the intermediaries in the market. Therefore, if I hadn't noticed this trend, it'd have taken more time to engage the local intermediaries in this market (National Sales Manager, Unilever).</p> <p>Indeed, the BoP concept influenced our decision to target the market. We now have specialised trained staff that are specifically tasked to solve all the problems with the BoP market. They report unresolved problems and I deal with them. This helps to cement good rapport between us (Territory manager, Unilever)</p>
	N e s t l e	<p>I'm aware of the BoP concept and it is being used here. It means companies should develop new business models to target poor regions and people in developing countries, but I am not sure of its usefulness (Field Sales Manager, Nestle).</p>	<p>I understand the BoP concept which has a significant influence on our decision making. We were told about the BoP concept in a workshop and have then directed our attention to the market. I know a lot of people from lower income market use our products every day in the world. The strategies of the company are targeted at this group since it can be profitable.. As a result of the BoP concept, the company engages well with the microbusinesses and the general public consumers who use our products (National Sales Manager, Nestle).</p> <p>BoP has influence on our decision to target the market. In 2001, we realised that microbusinesses from the local market were approaching us to place orders into their respective stores. They would be found queuing in front of the factory display area to place orders and this situation went on for a while. Then, serious discussion with the senior managers took place to investigate why they came to us directly. Then we dispatched marketing representatives to trace their business activities in the market including how the final consumers patronised the brands (Regional Sales Manager, Nestle).</p>

Type of performativity

Industry  
(Finance)

F i n a n c e	BoP Awareness	BoP Influence
B a y p o r t F i n .	X	<p>When I heard about the BoP concept, I informed my MD and officers were sent to observe the market. An office was specifically created for the micro department known as 'Bayport Micro' after our special quality officers have an interaction with the "Susu" collectors existing in the market (Head of Micro Division, Bayport Financial).</p> <p>Prahalad's BoP concept inspired me to realise that we lacked something since credit was being given to only the formal employee workers. I then asked myself, what about the people in the informal sector? Can't they also get credit? Then, attention was drawn to them since 2013 (Branch Manager, Bayport).</p> <p>Upon hearing the BoP concept and observing the "Susu" operators' approach, the bank opened deposit accounts for them. Our attention was then focussed on the prevailing opportunities in the market. It is the focus of the bank's micro division (Area Manager, Bayport Financial).</p>
B a r c l a y s  B a n k	X	<p>I've read about Prahalad's BoP concept and it encouraged me to focus on this market. The market is now part of the focus of the bank since 2005. You know, the bank's department has the philosophy of a real financial inclusion society, and this can be achieved by engaging existing financial institutions that already provide financial services to the community. However, this viewpoint of the bank wasn't enacted due to the risky nature of the local marketplace. The microbusinesses such as the "Susu" collectors are now integrated into our business strategies and are being used. Again, the "Susu" collectors' activities are helping the bank to reach the rural market (Commercial (Asset) Finance Manager - Barclays Bank).</p> <p>After the hearing of BoP concept we examined the "Susu" models in the market. I can now boast of quality "Susu" collectors who collaborate with us and cash deposits have enormously increased (Branch Manager, Barclays Bank).</p> <p>Yes, I've read about the BoP and the market is now part of the focus of the bank. The MD informed us about the BoP concept but this can be achieved by engaging existing informal financial institutions that already provide financial services to the community. We now engage the "Susu" collectors and they help us to reach the BoP market. (Director, Retail Manager - Barclays Bank).</p>



Telecom	BoP Awareness	BoP Influence
MTN	X	<p>The BoP market is the focus of our core business strategy now. The concept has had great influence on our business strategy ever since I heard about it. Indeed, it has directed us to the right sector of revenue generation. In practice, we've realised that the market has more prospects and can be more profitable than the rich market (Commercial Director, MTN).</p> <p>When I heard about the BoP concept, I observed the local microbusinesses' activities in the BoP market, such as serving the final consumers with 'space-to-space' phone calls albeit with exorbitant charges; we improved strategies to serve the market from 2007. We then brought in phone booths and calling cards to enable consumers to access phone calls easily (Customer Experience Manager, MTN).</p> <p>The opportunity to engage the subsistence market was there for ages but we did not do anything until we heard about the BoP concept in 2006. We now focus on the market (Sales Manager, MTN).</p>
Vodafone	I'm aware of BoP model and it is being used in this company but I haven't actually been involved with much of it (Sales Manager, Vodafone).	<p>We heard about BoP concept but didn't know how to utilise the approach well by targeting the poor people. Then, we decided to interact with the microbusinesses and the consumers to know exactly how they create those models and the benefits associated with it (Head of Strategy and Innovation, Vodafone).</p> <p>I understand the BoP, and even my new responsibility is to ensure that there are available products to the customers all the time for sale. These are the retail shops, those selling on the street sides and table-tops all in villages and urban centres (Sales and Distribution Manager, Vodafone).</p>

Industry  
(Telecom)

Type of performativity

### **6.2.1 Performativity in the FMCG Sector**

This section focuses on the interviewee managers whose claim indicates that the BoP concept influences the companies to target the microbusinesses in the BoP market. That is, the company was influenced by the BoP concept to take action in the engagement of microbusinesses in the BoP market. In some companies, their organisation took action because their senior managers were informed about the BoP concept. Table 5 indicates both 'BoP influence' and 'BoP awareness', but show more evidence of the former. The interviewees show that they have knowledge of the BoP concept and personally took action in their respective companies to focus on the BoP market. The evidence in this section is quite substantial as the interviewees were personally involved in the implementation of BoP models in their companies' strategies to engage the microbusinesses.

For Unilever, the managers engaged the microbusinesses in the BoP market when they heard about the concept. For instance, one of the managers decided to investigate the practical aspects after hearing of the Prahalad BoP concept and that influenced him to engage the microbusinesses in the market. The option taken by the manager to investigate provokes performativity turn in Unilever as there was inspiration from the BoP concept. Relating this to Callon's (1998) conceptualisation of performativity as bringing theory into being, it can be argued that the interest of individual managers activated the BoP concept into practice in the organisation. Unilever now focuses on the BoP market by engaging microbusinesses to sell their goods.

The data indicate that the BoP concept was communicated to the company's staff during a management workshop organised by Unilever. This evidence is compelling, as communicating the idea during the management workshop indicates that their organisation took action on account of Prahalad's BoP approach. The company took the action to draw the management attention to focus on the BoP market. The BoP concept then influenced Unilever managers, and they showed interest in engaging the microbusinesses in the BoP market. The performativity of the BoP concept enabled the development of the approach to the company, which embraced informal BoP models in its business strategies (as discussed in Chapter five). The company sees the opportunity to enter the BoP market and establishes relations with the microbusinesses so as to enable its products to reach the final consumers.

Unilever has an active type of performativity because the managers claim the organisation shows interest in the BoP market and they were personally involved in developing strategies in the company to engage the microbusinesses. The company has BoP influence of performativity, showing robust evidence of performativity type. The company's BoP approach went beyond the interest in the market, cementing the relationship between it and the local communities. Unilever established territories and appointed a manager to resolve all problems, generating the relationship it has with the microbusinesses in the BoP market. This is to enhance the company's focus on the market, which has become part of its strategy, making the BoP concept more performative.

The performativity of the BoP concept drives Unilever to reinvent products for the microbusinesses to sell to the final consumers. Not only that, but the company also develops strategies to help the informal microbusinesses by ensuring that they are stocked with Unilever's products as required. For example, table-top and roadside sellers realised the benefits as the company is able to ensure constant stock of its goods, which is beneficial to the company.

Through this, Unilever creates job opportunities and thereby wealth for people in the communities. This is in line with the BoP concept as the MNC's role is to develop products to sell to the local market and support the communities.

The interviewees' claims suggest that there is BoP influence in Unilever and the company has engaged the microbusinesses in selling its goods in the market. In those instances, there is evidence of clear performativity of the concept. Considering the pattern of plausibility for Unilever, the company has been in Ghana for many years, and the managers made claims reflecting their years of experience. The managers interviewed made claims based on their career paths, with 12 years being the average tenure. Their many years in the company indicate that their claims might be plausible because they have been with the company before BoP publication in 2002. Also, the interviewee managers' experience in their roles may correspond to their claims because they have been personally involved in developing strategies to focus on the BoP market. -

In Nestlé, most interviewees knew about the BoP concept; only one interviewee indicated BoP awareness of the concept. This shows that there was knowledge about the BoP concept but there has been little involvement in BoP initiatives. Though the awareness can be determined because one manager made this claim, it is not in itself of great interest. The interviewee manager making this claim works as a front-line manager for Nestlé and has not spent much time with the company, hence his knowledge may be more limited. This is one example of this sector, but there is a great deal of evidence about the BoP influence. For the BoP model to become performative, the model or concept must be used in a way that has effects on the strategies of the company in question, relating to what MacKenzie argued as effective performativity.

For Nestlé, which started a business in Ghana since 1957, there is also evidence that the BoP concept was performative. There is a direct action taken by the manager interviewed to engage

the microbusinesses in the BoP market. From table 5, there is an indication that the company already knew that most consumers in the poor communities used their products (cocoa beverages - Milo, Nido, Nescafe) before they turned their focus on the market in 2004. After the BoP concept development by Prahalad and co-authors (between 2002 and 2004), the interviewee manager played a role in getting Nestlé to focus on the BoP market. This suggests that the managers' role corresponds to an action completed of bringing BoP approach in the company's business strategy. This is in line with previous researchers that argued that Austin's work point out that many models of management could be considered to be performative that is they create or influence the phenomenon they describe (Fleming and Sturdy, 2003; Spicer, Alvesson and Karreman, 2009). The interviewee manager's demonstration constitutes action completed by bringing BoP notion into Nestlé's strategy.

BoP concept influences Nestlé and the company's strategies are targeted at the BoP. The interviewee claim suggests that he was directly involved in developing strategies to target the BoP market. The company's products were primarily consumed in most poor communities as well for a long time before Nestlé showed interest in focusing on the BoP market. This is possibly the reason why microbusinesses thronged to the company's depot by queueing to make orders for their micro shops. The microbusiness owners' approach cut out the existing formal middlemen to obtain a direct link with the company (as discussed in the previous chapter). It is, thus, not surprising that the company later developed an interest in the local market when the BoP concept was officially communicated to it.

From the interviews, it becomes clear that the BoP concept is being employed and has become performative. The company's business strategy focused on the BoP market and it appeared to be doing well since many of its products (Milo, Nido, and infant food) are repackaged and being consumed at the BoP, as discussed in the previous chapter. Nestlé is reaching the final consumers at the BoP market through these microbusinesses.

### **6.2.2 Performativity in the Finance Sector**

Table 5 indicates BoP influence in the finance sector as there was no evidence for awareness of BoP only. All the interviewee managers of the two banks claimed their banks were influenced by the BoP concept to show interest in the market. Considering the evidence of this section, they are all a quite robust type of performativity as the organisation as a whole turned to focus on the BoP market upon hearing the BoP approach of Prahalad and others. This might be because of the high competition in this sector as well in Ghana, influencing each company to turn its focus to the BoP sector for profit. The model for the banks is to use or pass through collectors to reach the customers in the BoP market, and this necessitates knowledge of the BoP concept in order to apply it. In this way, the managers interviewed had substantial knowledge of the concept and had done something personally to involve the collectors in the BoP market.

For Bayport Financial Services, the interviewees showed that they had knowledge of the BoP concept and personally took action for the company to focus on the BoP market. The interviewees were involved in co-opting the BoP models and reinventing them to engage the microbusinesses. In the claim, the BoP concept greatly influenced the Bayport Financial Services manager in the decision process to provide credit to the BoP customers. In a way, how the manager made sense of the BoP concept influenced him to act on the company's business strategy rather than just following how the BoP market is described. The performativity of the BoP concept enables Bayport to provide credit to the BoP customers.

Similarly, there was a claim made by Bayport Interviewee that indicated a BoP influence to focus on the BoP market on account of Prahalad's BoP concept. All the managers interviewed had the BoP market at heart and were doing serious business with the collectors in this market. The interviewed manager who claimed his department informed the MD's attention stressed that the bank focused on the potential opportunities in the BoP market and was driven to create a special office known as Bayport Micro. Bayport Micro is a division of Bayport Ghana that provides financial services to customers who operate micro-enterprises in Ghana's BoP markets. One of the strategic functions of Bayport Micro is to open deposit accounts for the collectors in the bank. The accounts enabled the informal collectors to stay with the bank whilst Bayport benefited from the cash deposits. The cash deposits are then used to grant microloans back to the customers in the BoP market.

There is also an indication of knowledge of the BoP concept and more considerable evidence of BoP influence. The understanding of the idea facilitated the managers to realise that the bank lacks something, encouraging them to focus on the informal microbusinesses as this provides the potential for profit. This kind of performativity corresponds to instances in which the use of the BoP concept makes a difference as the companies are involved in engaging the collectors to reach the BoP consumers in the market. The incorporation of the aspects of the BoP concept into Bayport strategies constitutes an effective way of searching for efficiency in the business, and this reflects an idea arising from understanding performativity. Indeed, performativity of the BoP approach has made Bayport Financial integrate BoP strategies to effectively engage the informal collectors to reach the BoP market. This indicates that the idea or approach affects the company's business strategy process.

Regarding the bank's relationship strength, the approach makes a difference to how the banking processes are accomplished. The bank's business model differed from the previous and other organisations where the BoP model or approach is not used. In the BoP market, the company also offers a group-lending product and has introduced a deposit-taking offering that helps customers to save money. The micro-lending focuses on the informal economy and minimum groups of 15 – 30 members are created by the customers to efficiently use the microloans (Bayport website Ghana, 2013). A relationship was established with the microbusinesses and the poor consumers, and its strength is significant.

As it had already established that there are viable business opportunities at the BoP (Prahalad and Hammond, 2002), Bayport Financial Services took advantage of these to engage the informal economy market customers as they entered the market in 2013. Added to this, Bayport Financial Services (micro division) had most of its office branches situated in the rural and slums areas where BoP consumers live, indicating the company's focus on the market. However, the bank had not operated for long enough in the market before the interviews took place in 2015. The interviewee had only worked in the bank for three years, and this limits the plausibility of the claim, and there is the need for more research into how the company successfully engages the BoP market.

In Barclays Bank, the interviewee managers claimed that the BoP concept influenced them to focus on the BoP market. The pieces of evidence from Barclays Bank indicate that the interviewee managers' knowledge of the BoP concept prompted them to engage the microbusinesses in the market. As a result, the collectors in the informal economy have become part of the bank's focus. This is performativity because the BoP concept is used in a way that has effects on the process of engaging the market. Barclays Bank managers critically examined



the process of the informal collectors' models before engaging them to do business in the BoP market. In the process, they can reach trustworthy collectors from the informal economy sector to cooperate with them to serve the customers at the BoP and possibly obtain returns regarding increased cash deposits. This case demonstrates how Barclays can leverage its existing corporate capabilities to provide efficiency to a proven already existing informal business and how this can be a platform for building the commercial business relations needed to create financial returns.

The BoP concept was performative and prompted Barclays Bank to engage the market. Barclays Bank collaborates with the Ghana Co-operative Susu Collectors Association (GCSCA), the umbrella organisation for collectors, to offer basic banking services to the BoP market. The strategy of partnering with BoP institutions and communities created an enduring BoP value and established long-term corporate growth. This is about business co-venturing instead of selling to the poor, something Simanis and Hart (2008) developed as BoP 2.0 that should include the perspective of the poor. In this way, the poor would not be treated as just consumers, as many large corporations treat them (Prahalad and Hammond, 2002). Barclays provides savings and lending facilities, known as 'dwetiri' accounts (working capital accounts), as well as facilitated capacity training and capability building for the collectors, who then provide elementary banking services to BoP customers (Business Action for Africa and Accenture, 2006). This approach provides a strong relationship with the collectors in the BoP market, enhancing opportunities for the less affluent people.

One of the interviewees claimed that the Prahalad BoP concept was formally communicated to them by their managing director, which initiated the move to show interest in engaging the microbusinesses in the market. This evidence indicates that the organisation took action on

account of Prahalad's BoP approach, and it is a type of performativity as BoP influence allows the organisation to focus on the BoP market. The managers took Prahalad's idea seriously and applied it to their business strategies, rendering it performative. The BoP concept ultimately changed Barclays' approach to the market away from banking for the affluent middle classes towards embracing alternative business models that serve the poor. This is in line with Callon (1998) work, quoted in Gond et al (2016) when discussing the impact of economic language on organisational functioning and the influence of management research on practice. The work focused on the performative power of aspects of economics; however, in this work the process Barclays Bank followed to engage microbusinesses in the BoP shows substantial evidence of performativity through the BoP concept.

Also, Barclays Bank focused on the BoP market by engaging informal financial institutions providing financial services to the community since 2005. This approach was made so as to achieve inclusivity. Inclusivity was discussed in the previous chapter, and it is a strategy for doing business with the poor to help them create value for themselves and the 'Susu' collectors. The interview data indicate that Prahalad's BoP concept influenced the bank to engage the collectors and they helped them to reach the poor in the market. For instance, the bank could successfully engage 450 collectors from the southern part of Ghana to reach the poor in the BoP market, and that was a great achievement. This is an opportunity for the poor as well since they benefit from credit provided by the bank. Thus, performativity of the BoP concept enables Barclays to activate a financial inclusivity society approach, which then integrates collectors into their business models.

Where Barclays Bank interviewees indicated BoP influence, they seem to have worked with the financial company for a long time, so it is plausible that they are directly involved. The

career path of the interviewee managers indicates that they have worked for more than 11 years in their respective positions, which makes their claim reasonable due to their long years of service. During the interview, the manager made it clear that the bank's decision to engage the collectors from the BoP market required support from all the staff. Thus, they incorporated BoP models into their strategies, established a relationship and used their financial expertise to coach collectors on basic financial issues. This makes the validity of their claim credible based on the level of expertise and long stay in their roles.

### **6.2.3 Performativity in the Telecom Sector**

In the telecom sector, the evidence from Table 5 also indicates performativity of the BoP concept. This is because the interviewees claimed that there is BoP influence in their decision to enter the market. Everybody was aware of the idea, but there was one instance where the manager was less clear about the way the BoP concept played out for the company's BoP strategy. Therefore, every manager interviewed in the Telecom sector has heard of the BoP concept.

For MTN, every interviewee manager claimed that there is BoP influence in the company that enables them to focus on the BoP market. The company shaped the BoP models by siting phone booths and engaging in the 'Space-to-Space' model of mobile telephony in the local communities. This is because the microbusinesses were using the company's services in the market; therefore, the business model was necessary to leverage the opportunity in the market.

MTN's senior managers exerted influence in developing business strategies for the BoP market. Thus, the managers are more likely to exaggerate their own role in the process; however, performativity is dependent on the actions of skilful agents and shows one way in which the concept is used. This seems to be a degree of understanding of the BoP concept and how to apply it in the Ghanaian market. The managers' business model actually performs, shapes and

influences the telecom market rather than describing or observing how it functions. For a model to become performative, in this argument, it needs to be embodied in tools for skilful managers to be able to transpose them into practice (Callon, 1998; Mackenzie, 2006). In a clear sense here, the BoP concept became performative as a result of the managers transposing the models into practice. The process was not just done quickly as the managers needed to observe, remodel and reinvent products and services to suit the requirement of the consumers in the market. MTN adapted its strategies to focus more on the BoP market, making Prahalad's BoP concept performative in this sector.

Prahalad's BoP approach influenced the way MTN managers think and consequently the way the organisation functions. One of the principles of the BoP market put forward by Prahalad (2004) indicates that solutions that are developed for the BoP market must be scalable and transportable across cultures and markets. It can be argued that MTN has made use of this principle by extending its market influence across all the customer levels in the market. As indicated in Chapter five, the company is the leader in the telecom sector regarding market share and its products and services are found everywhere in the country. The company continues to expand its network availability in all areas in Ghana including rural areas and urban slums where the majority of impoverished people live.

The career path of MTN managers interviewed indicates that they have been working for the company for a long time, on average 10 years. This suggests that they have had sufficient experience to comment on the way that BoP strategies evolved.

For Vodafone, some interviewees claimed that performativity was effective as there was BoP influence. One of the interviewees opened up on how he initially became confused when he heard about the BoP concept and was unsure about how to utilise it. The company then took

action by interacting with microbusinesses to understand exactly how they engage the consumers in the communities. With this approach, the company became more aware of the products and services required by poor communities. Since Vodafone Ghana was formerly Ghana Telecom (GT), which was the national telecommunications company of Ghana (Wray, 2008; Vodafone Ghana, 2009), the company could expand easily to more remote places in Ghana. This is because the former Ghana Telecom operated in various regions and district capitals in the country, which Vodafone Ghana leveraged, but it could not expand its mobile network to scale due to other environmental and infrastructural issues including electricity power and fibre cuts (discussed in Chapter five). Prahalad (2004) argued that BoP markets are large, which requires the development of solutions that should be scalable in order to be successful at the BoP. However, Vodafone' approach demonstrates little conformity to the BoP principles for gaining scale, as the company could not develop solutions that should be scalable across the entire BoP market.

The other interviewee claimed that the company had charged him with a new responsibility of stocking roadside table-tops and other street vendors of Vodafone's products and services. This staff member's responsibility became possible after Vodafone managers understood the BoP concept. This type of performativity corresponds to the actual use of the BoP concept, which influences Vodafone to target the market by finding the means to ensure products are constantly supplied to the BoP market.

The performativity of the concept empowered the company to format its business strategies in the BoP market. In this way, Vodafone develops programmes for the rural communities in the BoP market, which the company use to understand the culture of the people, and to enable them to understand the market dynamics. One of the programmes is partnering with the cross-cultural

collaborative, which is a non-profit educational organisation that promotes cultural exchange and understanding. The programme, which emphasises multigenerational and multicultural collaborations, is encouraging rural participants to find rewards in different forms of art. In a small village Nungua in the Greater Accra region, there is a place called Aba House which the company used to help the local children to develop their creativity by teaching them how to use tools to expand their imagination and craftsmanship. The performativity of the BoP concept also enables the company to carry out philanthropic work such as supporting the children by equipping them with school materials and other needs (Wray, 2008).

Moreover, the career path of these Vodafone interviewees indicates that the managers have been working for the company since they came to Ghana. The managers' claim suggests that they have been involved in developing BoP strategies and have years of experience in the company.

However, there was one manager with only limited awareness of the BoP concept. This indicates that this manager is aware that the BoP concept is being used in the company but has not been involved personally in applying it to business strategies.

There are a number of reasons why the manager may only have had limited awareness of how the BoP concept influenced company strategy. As indicated in Chapter five, there is high competition in the telecom sector, and Vodafone may only be responding to what the competition does. There might be a case of copying what MTN is doing in this sector. MTN is the first telecom MNC in Ghana and its operations are widely spread throughout the country. Other competitors might be following MTN's steps in developing the BoP strategies in the market. In such a situation, the moment the telecom business models become entirely performative, every manager or network provider company begins to copy and practice them.

Vodafone may be driven by competitive pressures as it possibly imitates what its rivals are doing, without necessarily being aware of the origins of the decision to target this market. This suggests that the concept has become more performative because it is becoming so influential that it creates competitive pressures that make people conform to the model regardless of whether they know about it or not.

To recap, the interviewees of the MNCs operating in Ghana were prompted by Prahalad and others BoP notions to show interest in the BoP market. A table indicating a different type of performativity was presented in which the interviewees established that Prahalad's BoP notion introduced them to and considerably influenced their thinking about viable business opportunities in the BoP market. The quotes from the interviewee managers were grouped into two categories. The first category was BoP awareness of performativity, which corresponds to those who confirmed that they had heard about the BoP concept. The second category was the BoP influence of performativity, which also corresponds to the company managers' decision to use the BoP concept in a way that has an effect on the market. These categories were considered as a type of performativity in this research.

The analysis section was organised by sectors and MNCs, and the first one focused on the type of performativity in the FMCG sector. It was found that both Unilever and Nestlé had BoP influence to show interest in the market. For Unilever, the interviewees' pieces of evidence were a strong indication that the company was influenced by the BoP concept to engage microbusinesses in the BoP market. There was an organisational action as BoP was informed by their senior management when they went to the workshop to discuss the concept. The performativity of the BoP concept enabled the company to develop territories and appoint a manager to resolve all problems generating from the relationship it has with the

microbusinesses in the BoP market. In this way, the BoP concept influence in Unilever was more effective as the use of the notion made a difference by making BoP become part of its business strategies.

For Nestlé, there was more evidence that the BoP concept had been influential. The company's business strategy focused on the BoP market and appeared to be doing well since many of its products (Milo, Nido, and infant food) are repackaged and being consumed at the BoP. However, there was only limited awareness because one manager had not taken action. That was possibly the weakest case highlighted as a limitation and recommended for further research.

The next analysis section was on the performativity of the finance sector. There was BoP influence in both Bayport Financial Services and Barclays Bank. The claim of the interviewee at Bayport indicates that there was BoP influence to focus on the informal collectors on account of Prahalad's BoP concept. Bayport focused on the potential opportunities in the BoP market and created a special office known as Bayport Micro to deal with the microbusinesses including collectors at the BoP. The MD at Barclays Bank informed the management team about Prahalad's BoP approach, and the organisation took action to show interest in the BoP. The bank focused on the BoP market to achieve inclusivity, which is a strategy for doing business with impoverished people to create value for all. The performativity of Bayport Financial Services and Barclays Bank allows them to incorporate BoP strategies and provide financial services to customers who operate micro-enterprises in Ghana's BoP markets.

For the telecom sector, there was BoP influence in the companies in this sector. All the interviewee managers have heard about the BoP concept and have shown interest in engaging microbusinesses in the market. Some of the quotes from interviewees from Vodafone indicate that there was some BoP influence, and all the managers were aware of the concept as well.



The performativity of the concept also influences the company to engage in philanthropic activities with the consumers at the BoP. The interviewees at MTN were inspired by Prahalad's BoP notion, which they observed, remodelled, and reinvented products and services to meet the requirement of the consumers at the BoP market. The MTN managers focused on the BoP, shaped the BoP models and put in place the phone booths necessary for engaging local community customers in the 'Space-to-Space' model of mobile telephony.

The next section focuses on the performative link since BoP as an idea (Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Prahalad, 2004) has prompted MNCs to have a direct relationship with local microbusinesses in the BoP market.

### **Section 6.3 PERFORMATIVE TIES AT THE BOP**

The concept of a performative tie involves two or more individuals or groups that became linked following a process of search (Constant, Sproull and Kiesler, 1996 and Levine, 2001). The performativity of the BoP concept or aspects of it enables the performative tie to be established. Importantly, this kind of tie is created even though the actors did not anticipate developing a performative tie. For example, microbusinesses were already looking for connections to establish ties with the MNCs, and MNCs only responded positively once the BoP concept became performative. Thus, once the BoP concept became performative across different sectors, then MNCs and microbusinesses established more permanent forms of cooperation through a process and this constitutes a performative tie. Highlighting the difference between the observed phenomena, I argue that these performative ties are theoretically significant and have benefits for business through networking and knowledge dissemination. In this section, I relate performative tie to BoP market and examine the relationship between MNCs and local microbusinesses. I argue that such relationships allow a permanent tie to exist between the

actors in the market because there is a continuing professional relationship with the microbusinesses and this was never abandoned by the MNCs.

The previous chapter highlighted how MNCs' co-optation played out in different industries and companies. It was seen that MNCs studied the informal microbusiness models closely, mainly in relation to how they engage the poor consumers in the BoP market. Through this process, MNCs examined and redefined the models to suit the market environment through the reinvention of products and repackaging strategies. For these MNCs, co-optation was necessary because they believe the BoP market holds more significant potential for profit, as argued by BoP scholars (Prahalad and Hammond, 2002; Prahalad and Hart, 2002; Prahalad, 2004). This makes the entry into the BoP market a laudable decision made by these companies.

Previously, MNCs focused solely on supermarkets and similar big retailers in the cities. Most notably, before co-opting the models and reinventing the products, the data and analysis indicate that the MNCs had no relationship or were unacquainted with the local microbusinesses (as the MNCs' customers were the big retailers, supermarkets and the affluent people of the top tier of the market). For instance, in the FMCG sector, Unilever and Nestlé companies dealt with supermarkets and big retailers and regularly produced bulky goods for consumption by affluent people. As shown in Chapter 5, the details of the process of how microbusinesses search for MNCs with which to have a link were clearly explained. These MNCs' business models regularly ignored microbusinesses and poor final consumers living in remote areas and urban slum areas that are unable to purchase bulk products for consumption. In 2002, when the BoP concept was introduced, these companies subsequently turned their attention to the BoP market, co-opted the business models of the existing microbusiness, and then served the poor consumers

by reinventing and improving the functions of existing products. Following this process, a performative tie was established between MNCs and microbusinesses in the BoP market.

For the finance sector, it was explained in Chapter five that Barclays Bank and Bayport Financial Services focused on the formal economy customers regarding providing loans and payment of salaries through their banks. In Ghana, these customers are government workers and are known as controller and accountant general payroll workers. However, upon hearing of Prahalad's BoP concept, these banks showed interest and began to search for the customers of the informal economy at the BoP. The banks developed strategies in which they used informal collectors as a vehicle to reach the poor customers in the BoP market. It was seen that collectors were themselves poor and they also benefit from the engagement with the formal commercial banks in this sector. This finding relates to Mackenzie's (2007) economic model through which the consumption created a reality it purported to represent. The BoP approach claims to help managers order reality into something beneficial to their aims, but not to just represent reality. Thus, the approach helps managers to consider new business opportunities, but it does not describe the reality of creating a new form of doing business. Hence, BoP business models, such as using informal microfinance to reach the poor, help the collectors to engage final customers and the bank to engage the collectors and provide microcredit.

For the telecom sector, MNC mobile phone network providers ignored the customers in the informal economy and focused on the formal economy. Microbusinesses initiated line rental telephony and 'space-to-space' businesses in the local micro shops before MTN and Vodafone entered the market to co-opt the business models and advance the services. In Chapter five, I showed how these MNCs copied the local microbusiness models and reinvented products and services to serve the BoP market. Indeed, these network providers now engage the BoP market

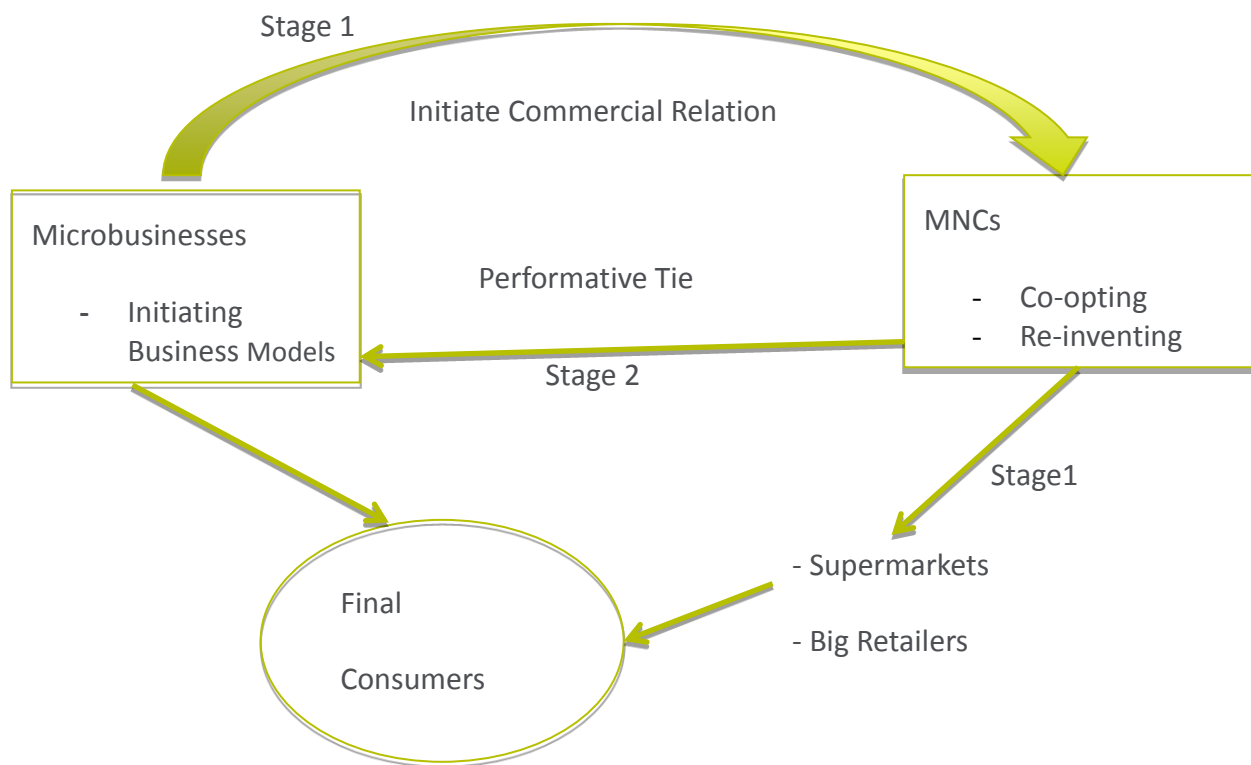
and continue to expand their network across the poor communities, with healthy relations with the microbusinesses.

Below is the graphical representation showing how MNCs commercialised relationship with the local microbusinesses in the BoP market to create a performative tie. It is important to note that, before Prahalad BoP formulation, MNCs and local microbusinesses had no direct transaction history, nor expected to build one. There was no prior indication of a tie between the actors involved. This is because MNCs had business relations with different middlemen in the cities but not with local microbusinesses in the remote areas. Some of these MNCs' business strategies practically ignored the BoP market. Now, the performativity of the concept enables these companies to establish a performative tie with the microbusinesses to engage the consumers at the BoP.

In the previous chapter, the evidence in the FMCG sector indicated that the microbusinesses were queuing in front of MNCs' depots to order goods. The process was an attempt to cut out the middlemen to facilitate direct linkage with the producers. The introduction of the BoP concept prompted the company managers to revise their strategy and show interest in the BoP market. In response, these MNCs realised the need to get to the BoP market, for which they initiated the process of co-opting and reinvention of the informal business models and products respectively. This approach by the MNCs paved the way for a relationship to develop between the two actors in the BoP market, as shown in Fig. 12. This figure shows how the commercial relations took effect and the process involved between the two actors in the BoP market.

Fig. 12

### The performativity of the BoP Concept



**Source:** Author

From the above figure, the transaction between the actors happened when MNCs responded to the microbusinesses because it was difficult to predict it by using the existing middlemen pattern of the interaction between MNCs and consumers, as in second stage. In stage 1, the business models were created by local microbusinesses, and the commercial relationship with

the MNCs was created. The MNCs later co-opted the models, modified them and reinvented products to serve in the BoP market.

MNCs engaged in some innovation in terms of the value proposition, i.e., they reinvented products to serve the BoP market better. These adjusted products were then distributed to the local microbusinesses to sell to the final consumers in the market (stage 2 arrow in Fig. 12). This process occurred continuously, making the relationship a permanent tie on an economic and professional basis. This is because the MNCs did not abandon the tie but continued to link with the microbusiness to do business in the BoP market. This is in line with Levine's (2005) contention that a performative tie can generate into a permanent tie when there are repeated encounters professionally by the actors involved. Thus, with the repeated interaction between MNCs and microbusinesses, it makes their relationship become a performative tie because they have established a connection between them that did not exist before.

The relationships between MNCs and microbusinesses were not entirely predictable. Prahalad's BoP model was instrumental in prompting MNCs in Ghana to review their sales and marketing strategies in the 2000s and has since then shaped their models to engage the market. This was on the development of a performative tie between these MNCs and local microbusinesses in Ghana.

Performative ties go beyond the dyadic structure as they can be extended beyond existing linkage. From Fig. 12, it can be seen that a performative tie allows MNCs to access microbusinesses directly, without involving the existing middlemen (supermarkets and big retailers). From Chapter 5, the evidence indicates that the tie between MNCs and local microbusinesses was challenging to predict from the environment because each actor had different models of business operation (MNCs' business models were towards middlemen in

the affluent market whilst microbusiness models orient towards final consumers in the BoP market). However, the relationship now allows MNC managers to pay frequent visits to microbusinesses to ascertain the progress of their products through interactions. There is also evidence from the microbusiness side that their affiliation with MNCs is improved as the company provides all kinds of support for the microbusinesses, such as t-shirts, jackets, handbags, umbrellas and in many cases branding the micro stalls with their logo and colours to sell their products. As noted, some MNCs regularly organise events at the end of the year to launch their renewed products and interact with the microbusinesses in the BoP market, as discussed in the previous section.

The following section provides the evidence of the relationship emanating from the performative tie between these MNCs and microbusinesses.

#### **6.4 ESTABLISHED PERFORMATIVE TIES**

The established performative ties correspond to those interviewees who confirmed that their company has now developed a relationship with the microbusiness in the BoP market. This kind of relationship has become a permanent tie. The table below shows the kinds of performative tie by sectors and companies.

**Table 6 Analysis of the established performative ties between MNCs and Microbusinesses**

<b>Established Performative Tie</b>	<b>Evidence of Relationship – quotations from interviewees</b>
<b>FMCG</b>	Our association with the microbusiness is germane as we rely on them for feedback for our brands. Through the link, we are able to get into the complexities to understand how they transact business with the consumers. We have commendations from some government institutions and the general public for our

	integration which helps our business (Field Sales Manager, Nestlé).
	I understand how the microbusinesses successfully transact business with the final consumers and have spent long years in this company. This is due to the reasonable rapport my company has established with them now. I am free to visit them in their local micro stalls to interact and share ideas. Even some of the consumers always get the chance to chat personally with me. This enables our company to recreate appropriate modern business models that suit the market (Regional Sales Manager, Nestlé).
	We established the relationship because we understood micro business owners control the market. This is due to their advantage of speaking the same local language with the consumers within the community. The same language spoken is the basis of the consumers' willingness to listen to microbusiness owners rather than us. Integrating them into the business decisions has resulted in us receiving more considerable approval from the public. Initially, we were gradually losing focus as we were regarded as outsiders among them. The strategy to integrate progressively with them built and established a positive relationship, and it is a success for our business in this market (National Sales Manager, Nestlé).
	Through frequent visits, our company has a stronger relationship with the local microbusiness owners and received feedback on requirements of different brands. We benefit from this relationship and believe the microbusinesses will also benefit from it. The company is always there for them to rely on but it is up to them if they would pay heed to what we say (National Sales Manager, Unilever).
	We have a good relationship with the microbusiness in the local market. They sell our goods in smaller quantities to the final consumers, so it was necessary to establish a link with them. I am sure they have the benefit of this relationship as we do (District sales manager, Unilever)
	We've established a strong rapport with the sellers now and are even asked to supply more to the local microbusinesses. This is done with fringe benefits given to the managers whose records indicate that they provide a high amount of goods to this sector. This shows that the sector is significant to us. Consequently, the relationship carries positive public impact and this helps our business to grow (Territory Manager, Unilever).
<b>Finance</b>	We started by attending community festivals and local functions such as churches and funerals. The purpose is to establish good



	<p>relations with the people so that we can learn their ways. This strategy has taken us far with all feedback embracing our approach. We received the best bank award in 2014 from the Premier Brands Awards event that took place at the Golden Tulip in Accra due to the unusual relationship (Area Manager, Bayport Financial Services).</p>
	<p>We've helpful links with them and do interact with the micro businesses every day. The relationship benefits us a lot as we were losing out sometime ago. The relationship has helped us to know that there is more money in the informal sector and it is increasing our cash deposits (Branch manager, Bayport financial).</p>
	<p>The bank developed the relationship by allowing officials to attend local festivals and functions including funerals and church programmes. We continue to do that to maintain a good relationship with the consumers and the public. This business strategy was adopted to enable us to get more insights on the informal businesses. Through this approach, the bank receives proper feedback for the services they provide. The bank also knows the character of the collectors and so can decide who to engage now or in the future. The purpose is not only to understand how they do their business with the consumers but also to initiate means of getting to know what the customers require to respond appropriately. The bank provides credit but feedback received indicates that the interest rate is high (Head of Micro Division, Bayport Financial).</p>
	<p>Yes, we have got a relationship with the collectors now, and it serves us better. There is also the sense of mutual benefit here since we copy the models through this process, but they also benefit from the opportunities provided for them as they serve their local market customers better. Without the bank, these collectors would not be able to serve their customers well, and without them, the bank won't be able to reach that market for expansion either (Director, Retail Manager, Barclays Bank).</p>
	<p>I know we've established a healthy relationship with the 'Susu' collectors. In fact, such a strong relationship will enable us to understand them properly. We're happy to help and engage them through microbusinesses (Branch Manager, Barclays Bank)</p>
	<p>We have much closer collaborations with the microfinance 'Susu' operation's business. We embark on frequent discussions to enable us to understand their business models and needs. This allows us to provide a quick response as and when these needs</p>

	arise so as to serve the customers better (Commercial (Asset) Finance Manager, Barclays Bank).
<b>Telecom</b>	The relationship is healthy, and it enables us to emulate the ways microbusinesses do business with the customers. We organise end-of-year promotions and parties to encourage them. They're pushed to sell more, and this gives them more income in return (Commercial Director Manager, MTN).
	There is a good relationship with collectors, and it enables us to respond to their needs. This helps to cement a good rapport between us. However, network issues sometimes deteriorate the relationship (Customer Experience Manager, MTN).
	Now, our most significant revenue comes from this local sector, and it is because of the active link. All the table-top and roadside traders engage in selling our cards to the customers. We're helping them to make ends meet, and it helps us to increase sales (Sales Manager, MTN).
	We've established a healthy relationship with collectors. Through this link, we're able to motivate them to sell more of our calling cards by presenting items such as umbrellas, stools, jackets and others (Sales and Distribution Manager, Vodafone)
	When we started transacting business in this market, we established a special relationship with the microbusinesses. MTN is ahead of us in this market as they are everywhere doing business with them, but we're doing our best to catch them through many strategies (Head of Strategy and Innovation, Vodafone).
	Most of our current products are for the BoP market. Collaborating with the sellers will enable us to increase sales, and we have a stronger relationship with the BoP customers in the market (Sales Manager, Vodafone).

From Table 6, it can be seen that the companies from different sectors have established a substantive relationship with the microbusiness in the BoP market. The above table indicates robust evidence of the performative tie across various industries and MNCs. The companies' evidence matches the microbusinesses' views regarding a healthy relationship in the BoP market. For example, the microbusiness owner who sells Unilever's products confirmed that

his business has good relations with the company and that Unilever frequently provides education on its products whenever its representatives visit. This approach helps to increase sales as many consumers prefer to buy from the shop due to his ability to provide information about products.

#### **6.4.1. Performative tie between MNCs and Microbusinesses – FMCG Sector**

In the FMCG sector, Table 6 provides various quotes from interviewee of MNCs that state an established performative tie with the microbusinesses in the BoP market. That is, both Unilever and Nestlé confirmed an established link with the microbusinesses, as no one indicated that there was no linkage. As it is, a performative tie becomes a permanent tie when the actors show constant encounters in their transactions professionally (Levine, 2005). The evidence in this section is quite strong that the relationship between the companies and the microbusinesses has come to stay and is not abandoned after they first engage with each other.

Unilever has established a link with the microbusinesses in the BoP market. The interviewee manager claimed that the company saw the need to develop this link, which has turned out to be a permanent tie with the microbusiness, because they sell Unilever's goods to the final consumers in the BoP market. This was made possible through the frequent visits the company officials pay to the local micro stalls. This approach indicates an active type of performative link with the microbusiness since the company gradually reduces the existing middlemen including supermarkets, shopping malls and other big retailers that sell their products to the consumers in the affluent market. To the company manager, the direct relationship with the local microbusinesses ensures that goods are supplied on time and any other unnecessary bureaucratic delays are removed for the efficient business transaction at the BoP. This means that the relationship is able to facilitate active business transactions between the company and the microbusinesses.

Unilever also receives feedback from the microbusinesses regarding its products in the market. The company uses the feedback to improve the products and business models for the benefit of the consumers at the BoP. The microbusiness owner of Sunyani, for example, also stated that, *“the company managers often come to us to collect feedback on their products when they pay a visit, ever since the relationship began”*. Through this relationship, it has been inexpensive for the company to obtain feedback in order to improve its products as the managers frequently visit the microbusinesses to obtain it without spending much money, which would not have been the case if there was no relationship. This shows one of the benefits Unilever gains from the link as it may have been difficult for the company to access such information if it had not had a healthy relationship with the microbusinesses. According to the interviewee of the company, they can interact directly with the final consumers in the BoP market when they visit the microbusinesses' shops. This happens when the final consumers come to the micro shops to make some purchases, and the company's officials are coincidentally there for their regular visits, which makes interaction and familiarisation easy for the officials.

From the above, the relationship enables the company's officials to monitor their goods when they are visiting the micro shops. That is, the relationship strategy ensures monitoring of the company's goods at no additional cost, hence reduces the company's transaction cost (North, 1992). Product education can be provided to both the microbusiness owners and the final consumers. The company can also monitor the microbusinesses to ensure that they adhere to the education and marketing strategies offered by the company officials. Once its products have been sold in the market by the microbusinesses, the company can enforce some laws to protect the final consumers and to ensure they receive the right type of goods for their consumption. In this process, goods that are becoming outdated and unwholesome can be withdrawn and replaced by the company, allowing the company to take control of the market.

The performativity of the concept enabled Unilever to establish territories with the BoP market to ensure frequent stocking of goods. This business strategy is to ensure that the territory managers uninterruptedly engage these microbusinesses to maintain the relationship. Thus, the company provided a reward scheme to encourage managers whose records indicate that they continue to provide goods to the customers at the BoP market. The significant aspect in the strategy is that managers would not be influenced by other challenges such as bribery and favouritism, which included those several subjects Prahalad (2004) mentioned in his book for reducing corruption at the BoP. However, Unilever institutionalised such a scheme not only to reduce corruption but also to discourage the diversion of goods meant for BoP to other retailers.

As the reward scheme is incorporated in Unilever's strategy to reduce corruption, it would also enhance the motivation of the territory managers to engage the microbusinesses at the BoP. Thus, the company's performativity of the BoP concept has steered the direction of introducing and integrating a fringe benefit scheme in its business strategy so as to motivate its managers to maintain the performative tie with the microbusinesses at the BoP. This step can go a long way in providing benefits for the consumers as the company can continuously meet their market demands.

The interviewee's quote indicates that the company has established a strong rapport with the microbusinesses, which cements positive public relations at the BoP. Greater public relations are based on ties, and this is a means of setting up continuing relationships with many essential influencers (and therefore their audiences) and knowing how the business may become an exceptional data source for the influential. The interviewee realised that the company needs public relations to help build up its credibility in such a competitive environment. The company can operate through several trusted intermediaries but knew that microbusinesses have close

relations (have the same language, customs and culture, etc.) with the final consumers at the BoP. Thus, engaging a strong rapport with the microbusinesses could enable it to communicate to consumers and community leaders to filter out any misunderstandings and misconceptions about the company's presence and products in the villages and slums of the BoP. This is an advantage to the company, and, if messages are chosen to be communicated, the company will gain credibility due to the intermediaries' credibility at the BoP.

For Nestlé, the interviewee manager's claim suggests that the company can extend the relationship beyond networks in a way that allows microbusiness owners and consumers to significantly increase the balanced discussion with them. The data indicate that the current relationship enables the company managers to visit and freely interact with the microbusiness, and demand feedback on their products. Great regular benefits are generated from this step as the companies can reinvent products suitable to the consumers' need while the consumers also receive the expected goods for consumption. This is likely to increase sales as well as consumer choice, and expectation will be significantly met. In such a situation, the relationship is maintained as both actors economically benefit from the link.

Nestlé also envisaged the need to establish a healthy relationship with the microbusiness so as to break the language barriers in the remote areas. In Chapter five, it was seen that the most significant backbone of the success of the informal business models was the local language spoken by both microbusiness and consumers in the BoP market. The company saw the need to establish the link to enable it to copy the business models and become familiar with the local language and culture as well. As argued in the literature, MNCs often struggle to effectively manage in this market due to different BoP cultures and dialects (Webb et al., 2010; Kistruck et al., 2013). Therefore, Nestlé became aware that establishing a healthy relationship with the

local microbusiness was the best way to continue selling its goods in the BoP market. Microbusinesses are incorporated in the company's business strategy as they are involved in selling efficiently and effectively in the BoP market.

#### **6.4.2 Performative tie in the Finance Sector**

For the finance sector, Table 6 indicates more of an established performative tie. This suggests that the interviewees of both Bayport Financial and Barclays Bank in the finance sector know about their engagement with microbusinesses in the BoP market. However, both companies' interviewees expressed different ways and processes in establishing a relationship with the microbusinesses at the BoP.

The Bayport Financial Service interviewees' claims suggest that they have established a performative tie with the collectors in the BoP. In establishing the relationship, the company officials frequently attended local functions and festivals to associate themselves with the people at the BoP. This association with the members of the community helps the company to gain a deep understanding of the nature and requirements of the BoP. As outlined in Chapter five, 'strategies for the BoP', this strategy for the BoP market does not only allow the relationship to be successful but also provides a knowledge base to challenge future adverse development coming from the market.

Understanding the local people's demeanour also help the Bayport managers to embark on a strategy to know and select the kind of collectors to engage. The relationship enables the company to interact frequently with the local customers. In the rural areas of Ghana, providing a high-quality banking service is difficult. More difficult is the bank's ability to monitor the usage of the customer loans. It is problematic to maintain constant surveillance; instead, it is possible to relate well with the customers, as this could reduce bad debts. The address system in the BoP market is poor and is not well connected for constant communication as discussed

in the previous chapter, people can easily relocate their businesses to different places in an attempt to obscure their original location. Thus, the company's ability to establish a permanent tie with the customers is the BoP solution for the operation in this market, as it could reduce disappearance of satisfied customers and sustain a fair business practice.

Bayport has only entered the BoP market recently but demonstrates excellent examples of a healthy relationship with the BoP, which enabled the company to win the best bank award in 2014. The entire network of Bayport customers consists of other microbusinesses such as collectors, petit traders and self-help groups. The self-help groups have an appointed leader, who understands the village culture because he/she is part of it, and is identified from the local community. This self-help group is not much different from the model of Industrial Credit and Investment Corporation of India (ICICI) Bank, described by Prahalad (2004) in his book 'The Fortune at the Bottom of the Pyramid'. The only feature that it is different is the promoters which ICICI Bank uses to form the group. Bayport does not use promoters to create the group, but asks the customers to establish and appoint their leader. With such groups in the villages, the control is entirely local, and the self-help group is empowered as the members feel important. This model also encourages the customers to make their own decisions about how to use the loans, as Grameen Bank allows its borrowers to make their own resolutions in Bangladesh (Yunus, 2007). From this perspective, the company's relationship with poor customers becomes strong and unique, bringing success to both the company and the microbusinesses at the BoP market, with a 99% loan recovery rate.

Table 6 shows that all the interviewees from Barclays Bank indicated that the bank has established a performative tie with the microbusinesses in the BoP market. There was a belief of mutual benefit emanating from the relationship to both the bank and the collectors. For



instance, the bank can co-opt the informal business models while the local collectors gain from interactions with the finance experts, which is transferred to serve the existing customers. In such a case, the final consumers could also gain from a proper service including microcredit which is provided by the bank through the collectors. This is possible because of the healthy relationship the bank has with the collectors, and it can expand its businesses with the collectors, as it embarks on frequent discussions for a proper understanding of its models. The bank is then able to improve these models to serve better at the BoP.

The interviewees from Barclays Bank were positive about the relationship as it enables the company to comprehend the informal business models and do business with the poor. Barclays Bank shows how inclusive business models can set off a virtuous circle, improving people's lives and income, and benefiting from the growth of that result. In this relationship, the bank looks for understanding before using a microcredit model to show that business with the poor can be profitable. The bank engages collectors to offer a wider, safer range of savings and loan products to low-income customers, thus generating availability by providing microfinance services through the collectors to the BoP consumers. Mohammed Yunus, the founder of Grameen Bank, was successful in developing microfinance in Bangladesh as a successful commercial enterprise which led to global interest. Grameen Bank focused entirely on BoP customers and had more microfinance operations that are variants of the Grameen concept around the world, resulting in the company's success. Many commercial banks look up to Grameen Bank and focus on the BoP as well, and Barclays Bank is not an exception. Indeed, Barclays developed its products at the BoP by profoundly understanding functionality, and not just the model.

#### **6.4.3 Performative tie in the Telecom Sector**

In the telecom sector, Table 6 shows an established performative tie of the companies and microbusinesses in the BoP market. For MTN, the interviewee managers claimed an established performative tie with the microbusinesses in the BoP market. The data indicate that MTN developed this relationship by organising end-of-year functions and promotions for the microbusinesses. Such events enhance familiarisation and interactions as the company representatives can engage in informal chats with the microbusiness owners. Microbusinesses also confirmed that they have a good relationship with MNCs and, during the end-of-year parties, the company managers interact more with them to ascertain how their services and products are performing in the market. The purpose of such events is to encourage microbusinesses to increase sales and to announce renewed products and services that are available for the BoP market. This strategy of the company allows free interactions between it and the microbusinesses, promoting a healthy relationship.

Usually at such events, the microbusinesses have the opportunity to make complaints, which are supposed to be addressed by the company officers. However, according to the microbusinesses, the officials sometimes turn down their requests and ran into hiding because they did not want to discuss the problem of interruptions to the mobile phone network. This is because the company managers cannot resolve broken lines rapidly due to the lack of specific infrastructure in the environment (discussed in Chapter five) that the government has not yet put in place. The interviewees indeed admitted that the poor network sometimes ruins the relationship the company has with the microbusinesses and the consumers. Nevertheless, mobile phone service is expanding with breathtaking speed in Ghana, as the network providers continue to add subscribers at a rate seen in developed countries. Hence, microbusinesses are supposed to form an association to fight for a high-quality mobile network, but they are not

unionised for such a course of action. Such an association could put pressure on the mobile phone network providers to improve their poor mobile network signal, as they continue to engage the BoP. This will be considered as a limitation, given the basis as to why the local microbusinesses do not form an association.

The MTN interviewee managers claimed that the company maintained a healthy relationship with the BoP customers as the informal economy generates more revenue for it. MTN, the leading provider of telecommunications services in Ghana, is learning that there is a significant market at the BoP. The size and attractiveness of the BoP market are well established, leading to the formation of a performative tie with the microbusinesses at the BoP. The revenue generation in the BoP market shows that MTN did not enter this market with the mind-set of its traditional markets model but has instead made an effort to leverage the opportunity in the market. The company's activities with the use of mobile phones help to transfer the lives of the poor through improvements in business models and applications.

For Vodafone, the interviewees claimed that there is an established performative tie with the microbusinesses and suggested that the company relies on motivation to maintain the relationship with the microbusinesses. The company provides souvenirs and other gifts to the sellers, particularly those roadside vendors and street hawkers that they use to distribute their products. In Ghana, it is common to see these street vendors using a company's jackets, umbrellas and stools with the logos and colours of their brands.

Vodafone knows that MTN is ahead of it concerning market share as MTN was first to enter this market. However, Vodafone has established a very healthy relationship with the microbusinesses as this will help the company to increase sales. One of the table-top owners in the city of Kumasi also acknowledged that his business relationship with Vodafone is quite

good. Most of the time, Vodafone provides gifts to boost morale in order to make sales. These gifts include umbrellas, t-shirts, stickers to decorate the place, and aprons. This evidence indicates that there is an established relationship between Vodafone and the microbusinesses in the BoP market.

In summary, the data indicated that a performative tie was prevalent and fulfilled an essential role in the BoP market. The MNCs have built a healthy relationship with the microbusinesses in the BoP market. There is also evidence from the microbusinesses that there is a stronger relationship; for example, one of the micro store owners stated that “my business relationship with the Nestlé Company is good. The company officials often pay a visit and arrange things on the shelves for me, which is helpful as I learn their ways. They provide information about their goods when they come here. They also paint the micro stalls with their colours and offer some umbrellas and stools with the company’s logos”. A graphical illustration demonstrating how MNCs commercialised the relationship with the local microbusinesses in the BoP market was discussed. The performative tie was created where there was no prior indication of a tie before Prahalad BoP concept formulation. In the process, a performative tie developed into a permanent tie, with both MNCs and microbusinesses indicating continual transactions and encounters professionally without the relationship being abandoned.

## **6.5 CHAPTER SUMMARY**

This chapter drew on performativity theory to explain how the BoP concept influences company managers to show interest in the BoP market. Two types of performativity were discussed: BoP influence and BoP awareness, the first of which corresponds to how the BoP approach becomes performative and makes a difference to the companies' strategies in the BoP market, whilst the

latter does not. This provided the opportunity to offer insights into how the BoP concept influenced the companies' managers to change their approach to the BoP market.

The section also explored the performative tie of the MNCs and the microbusinesses in the BoP market. It was seen that, before entering the BoP market, the MNCs had no direct relationship with the microbusinesses, nor were they expected to establish one. However, a performative tie was established between them. I argued that the BoP concept has become more performative as it is becoming so significant that it has created competitive pressures that make the managers adapt to the model in a way in which they become aware of the actual model. Thus, the Prahalad BoP concept or approaches are performative as they create the phenomenon they purportedly describe.

## **CHAPTER 7**

### **DISCUSSIONS**

#### **7.1 INTRODUCTION**

The chapter pulls together the research findings from the principal empirical study and then focuses on a discussion of these findings in relation to how they address the thesis aim. The general aim of the thesis is to elaborate our understanding of MNCs and local intermediaries' business affairs in the BoP market. Examining the relevant pieces of literature through the course of the research project, together with the examination of research findings from the study, revealed that extant research on MNCs and local intermediaries' business affairs in the BoP markets in developing economies was empirically under-researched. Two main objectives emerged from this realisation:

1. To examine the origins, co-optation and reinvention of business models in the BoP markets.
2. To analyse the factors influencing MNCs to enter BoP markets.

#### **7.2 DISCUSSION OF THE FINDINGS**

The general aim of the thesis – to expand our understanding of MNCs and local microbusiness affairs in BoP markets – was realised by concentrating the results and discussions on two objectives that together build on the current understanding of BoP and how MNCs engage local microbusinesses in the BoP markets. Proceeding to the discussion on whether these objectives were met by the present aim of the research, a reminder is provided on how they were advanced. The discussion of findings draws from the literature examined in this study, but additional

support is obtained from other literature, particularly where findings were unanticipated. In addition, some interpretations are dealt with in the findings presented in chapters 5 and 6.

### **7.2.1 Objective One: To Examine the Origins, Co-optation and Reinvention of Business Models in the BoP Markets**

In examining the origins, co-optation and reinvention of business models, two key areas were noted: the origins of BoP models and co-optation in the BoP market.

#### ***7.2.1.1 Origins of BoP business models – Microbusinesses***

The review of the literature to understand the origins of BoP business models in this market was based on three different areas:

- 1) The state of MNCs and local microbusiness innovations at the BoP market in Ghana.
- 2) The characteristics and initiators of BoP business initiatives.
- 3) The variety of BoP business models.

A number of prior studies were found to be conceptual, case studies and cross-sectional. Previous research focused on cases of BoP markets that described products suitable for the BoP and reflected on MNCs, large companies, NGOs and government as the initiators of BoP business models (Prahalad, 2004; Brinkerhoff, 2008; London, 2008; Oslen and Boxemburg, 2009). The data collection methods were through surveys and semi-structured questionnaires. They based their evaluation of initiators of BoP models on producers such as MNCs. This research approach, methods and limitations were similar to those adopted by two other streams of study in the BoP literature, of which innovations were also a part:

1. Companies as initiators of BoP business initiatives.
2. Strategy on entry to BoP market.

In the current research, the researcher conducted an empirical study in Ghana, interviewing 36 local intermediaries, comprising 24 microbusiness owners and 12 collectors. A large number of local intermediaries concerning those selling products and services from each industry reported that they identified and developed the BoP business models. Yet, previous research (Kolk et al., 2013; Altman, Rego and Ross, 2009; Anderson and Markides, 2007) did not focus on these local intermediaries as initiators of BoP initiatives and models but only paid attention to MNCs, large companies, NGOs, governments and SMEs as initiators of business models.

In the BoP market, the local intermediaries' business activities take place between the MNCs and the final consumers. Local intermediaries were defined as microbusinesses that serve as a link between MNCs and final consumers at this market. A review of the BoP literature (Prahalad, 2004) was conducted on the MNCs' role in the BoP market and their relationship with the local intermediaries as well as the initiators of BoP models. In reference to these scholars (Woodward et al., 2014; Holt and Littlewood, 2014), along with limited empirical evidence from a few studies, it was concluded that local intermediaries' business serves as a route to market for goods and services of MNCs in the sub-Saharan African market. Through the BoP concept (Prahalad and Hart, 2002; Prahalad and Hammond, 2002; London and Hart, 2004; Simanis and Hart, 2009), there is an opportunity for MNCs to create new business models as they target the BoP market. The empirical study shows that the origins of the BoP business models were initiated by the local intermediaries.

Local intermediaries' businesses serve as a route to market for MNCs' goods and services, and MNCs leverage competitive advantage in the BoP market. In calling the approach a generic competitive advantage, Porter (1985) argued for businesses to apply cost leadership strategy to improve and gain a competitive advantage over competitors in a market. In the BoP market, the



evidence was clear that the quality of the MNCs' products does not change, but they sell to the customers at the BoP market for less through smaller packages, giving them a competitive advantage over their competitors.

This study was driven by the objective to explore and examine the origins and co-optation of BoP business models. In the past, the BoP market was seen as a risky area for MNCs to engage and invest in (World Bank, 1994; Prahalad and Hammond, 2002). The focus and nature of this research signified an important shift from previous research as MNCs' mode of entry appears to be co-optation of local intermediaries' practices:

- Microbusinesses are the significant source of business model innovation at the BoP. This is often noted from their informal activities in the market whilst the companies co-opt the business models to develop their own strategies.
- Microbusinesses recognise the opportunity to make MNCs' goods available at the BoP. Thus, as MNCs enter the market their products are already in existence in the market. The effect is that MNCs leverage the existing infrastructure such as the informal distribution system that serves the customers, and consumers who already know how to use these products and services. The MNCs are able to leverage this model to improve their profitability since there is an existing distribution system (local intermediaries' activities) to sell to the consumers and the consumers already know how to buy and use the products.
- MNCs also used the local microbusinesses to reach the consumers at the BoP markets. The implication is that MNCs extend their services and products to the BoP market as they adopt the local practice or models.

This thesis contributes to our understanding of BoP approaches by challenging the notion that MNCs and large companies are the initiators of BoP business models (Prahalad and Hart, 2002; Prahalad, 2004). Moreover, this research illustrates that the poor in the BoP are creative entrepreneurs (Yunus, 2007; Altman et al., 2009; Hahn, 2009) and not only recipients or consumers as BoP academics and critics earlier assumed (Prahalad, 2004; Karnani, 2009). This also challenges Karnani's argument that the people at the BoP are not entrepreneurial. Karnani's argument reflected a restrictive notion of how people make a living at the BoP market. Owners of microbusinesses operating in BoP markets can be considered as entrepreneurs because they do not only raise the capital, set up and manage the business, but they take a financial risk in the hope of profit (Reynolds et al., 2002; Kuada, 2015).

MNCs' goods and services were not originally devised for consumers at the BoP market (World Bank, 1994; Prahalad, 2004; Jaiswal, 2008; Majumder, 2012). Through the activities outlined above, local microbusinesses create a virtuous learning cycle for MNCs who want to invest in the BoP market. Their activities enable MNCs to reach the BoP market to sell their products successfully. Significantly, local microbusinesses have made goods and services available and affordable to the consumers at the BoP market; hence their role should be largely represented in the BoP literature.

Finally, it has also been argued in BoP literature that single-serve revolution sweeps through poor countries and the pioneers of this revolution were found in India (Prahalad, 2004). Prahalad mentioned an example in BoP literature by referring to Unilever and Proctor & Gamble (P&G), whilst others pointed to CavinKare, an Indian start-up firm that first introduced shampoo in sachets in 1983 (Karnani, 2007; Jaiswal, 2008). However, this research found the pioneers to be different from the above examples in that innovation originated from the local

intermediaries in Ghana. However, examples in this study clearly show that single-serve revolution in Ghana began with local microbusinesses. Such examples rarely find their way into the BoP literature due to the scarcity of empirical research, particularly in Africa, and it is one of the reasons why scholars such as Kolk and Lenfant (2012) and Kolk and Van Tulder (2010) call for more empirical research, specifically in Africa.

#### ***7.2.1.2 MNCs' co-optation and reinvention of business models in the BoP markets***

The MNC managers stated that the business models were originated by the local intermediaries, but they co-opted them and then reinvented the products and services to generate business opportunities in the BoP market. However, earlier work was unable to explain and account for these findings.

The findings in this research provided evidence of how the MNCs co-opted the business models and reinvented products to serve the market. It was found that MNCs redesigned the products to match the cash flows of the consumers, but they did not develop the initial models. In explaining this finding, it is important to relate it to previous studies that MNCs need to design products that match the cash flows of customers frequently paid on a daily rather than a monthly basis (Simanis and Hart, 2009; Akula, 2008; Anderson and Markides, 2007). However, this study found that MNCs did not initially design the models, but they co-opted them since local microbusinesses developed the models in the market. The theoretical implication is that this finding challenges the earlier BoP concept that models were designed by MNCs (Prahalad and Hart, 2002; Prahalad, 2005, London, 2008). The finding from this shows empirical evidence of the local intermediaries designing the models in Ghana.

The main outcome of the findings in this section is that the MNCs co-opt the business models developed by the local microbusinesses, remodel them and then reinvent products to suit the market. The role of MNCs' investment in the BoP market lends credence to the growing

awareness that, in combining profit with poverty reduction on a large scale, MNCs need to co-opt existing business models and reinvent products adapted to the BoP. This challenges the BoP idea's credo that firms need to create new and innovative business models (London and Hart, 2004; Ricart et al., 2004; Simanis and Hart, 2009). MNCs' business models in the BoP market are remodelled to suit the market but they do not create new ones themselves.

Finally, through the co-optation of informal economy business models, MNCs develop different business strategies to engage the microbusiness and the consumers in the BoP market. BoP business strategies including providing product education, painting micro shops with company logos in rural locations, providing electronic devices, opening bank accounts for informal microfinance, and providing micro insurance products enable the companies to retain their relationship with the microbusinesses in the BoP market. This BoP strategy allows the companies to raise sales, which is beneficial to both microbusinesses and the consumers. For instance, product education provided by company officials facilitates consumers' understanding of how a product should be used for the purpose for which it was manufactured. As it is, it has been argued in the BoP literature that poor consumers in the BoP are vulnerable due to a lack of education and frequently lack information to look around for the most suitable products (Banerjee and Duflo, 2007; Karnani, 2007). A company's strategy can then combat such ignorance as microbusiness owners receive information on the products and transfer this to the final consumers at the time of purchase.

### **7.2.2 Objective two: To examine the performativity of the BoP concept in the BoP market**

The findings allowed understanding to be constructed related to the specific activities MNC managers undertake when they draw from Prahalad's BoP concept to constitute their own practice. I discerned two types of performativity actions company managers achieve and

consider in their relationship to the BoP approach. MacKenzie (2006) identified two types of performativity, generic and effective, and provided instances of both. This study identified two types of performativity as BoP influence and BoP awareness of performativity, which captured the categories and continued the theme of the narration. In an exploratory empirical study carried out by the researcher in Ghana, 18 MNC managers were interviewed concerning what prompted them to enter the BoP market. They stated that, even though the business models were developed by the local microbusinesses, they co-opted them and reinvented the products/services to create business opportunities in the BoP market. The interest was developed between 2004 and 2010 when Prahalad's BoP concept was formulated and published. However, this exciting development relating to performativity has not been identified by previous BoP research.

These findings may not only be unique, they also propose fresh insights, in combination, particularly in line with this study. Based on the insights from the analysis, MNC managers became aware of the opportunity at the BoP and began showing interest in the BoP market. Prahalad's BoP has been influential regarding the MNCs' strategic direction. Prahalad and others came up with the model (Prahalad and Hammond, 2002; Prahalad, 2004), and then MNCs became aware of the opportunity.

The argument of performative theorists states that a model should become performative when it is embodied in practices and strategies developed by skilful agents (Callon, 1998; Mackenzie, 2006). In this perspective, the MNCs' managers transposed the existing models into practice after modifying them, and they became performative in the market. The managers transferred these existing models into practice, allowing them to reinvent products to suit the market.

Understandably, the MNCs' managers demonstrated their competence and experience by observing the local microbusinesses, co-opting the models and making them performative.

The performative tie was related to the BoP market and examined the relationship between MNCs and local microbusinesses. This kind of performative tie was generated even though the actors did not expect to develop one, owing to the difference within the observed phenomenon and completely unacquainted relationship between MNCs and local microbusinesses. The performative tie can advance into a permanent tie, and I argued that it is theoretically essential as it has some benefits for business through networking and knowledge dissemination.

The pieces of evidence in the interviewees' quotes indicate close collaboration between the companies and the microbusinesses. This allows the development of a tie and knowledge sharing where the managers' expertise was used to provide product education, and where necessary the banks granted microcredit to the informal microfinance, none of which would have occurred in an arms-length relationship. Microbusinesses now benefit from the relationship as they are equipped with product information and others to serve the consumers at the BoP, raising sales to benefit the two actors.

## **CHAPTER 8**

### **CONCLUSIONS**

#### **8.1 INTRODUCTION**

This chapter is divided into two parts. The first part outlines the theoretical and empirical contributions to the research. The second part discusses the limitations of this research and suggests future research direction in this area.

#### **8.2 CONTRIBUTIONS OF THE RESEARCH**

This thesis contributes to our understanding of MNCs and local intermediaries' business affairs in the BoP market in many ways, both theoretically and empirically.

First, the area where this research took place has been under-researched in the literature on the BoP (Egri and Ralston, 2008; Kolk and Van Tulder, 2010; Kold and Lefant, 2012; Kolk et al., 2013). Earlier BoP research focused on MNCs and large domestic companies operating in emerging markets in Asia, Latin America, Eastern Europe with few concentrating on the African continent (see Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Prahalad, 2004; Hart and London, 2005). Recent scholars on BoP focused on large and small companies but targeted India, Brazil, Philippines and only very few focussed on African markets such as South Africa and Kenya (Johnson, 2007; Brinkerhoff, 2008; Jose, 2008). BoP market of Ghana has many microbusinesses that engage MNCs and other large companies in various ways. Hence by researching case studies in Ghana, this thesis has an empirical contribution as it expands the reach of BoP debates to Africa.

The second contribution of this research is that it challenges the prevailing assumptions about the origins of BoP business models. Prahalad and others original argument indicate that the BoP business models were initiated by MNCs and large companies (Prahalad and Hart, 2002; Prahalad and Hammond, 2002; Prahalad, 2004; Ricart et al., 2004; Hart and London, 2005;

Chesbrough et al., 2006). Subsequent studies focused on SMEs and non-profit organisations as initiators of BoP business models (Arnold and Mohr, 2005; Chesbrough et al., 2006; Anderson and Markides, 2007; Anderson and Kupp, 2008; Kuriyan, Ray, and Kammen, 2008; Brinkerhoff, 2008; Altman, Rego, and Ross, 2009). However, in the course of this research, it emerged that the BoP business models in Ghana were mostly developed by local intermediaries such as microbusinesses, table-top owners, 'Susu' collectors, etc., rather than MNCs, SMEs or non-profits as suggested by the existing literature. Therefore, this research extended its empirical contribution by highlighting the role of microbusinesses as intermediaries that innovate at the BoP, an aspect largely overlooked by BoP concept and largely under-researched. From this insight about the role of microbusinesses as innovators derive further theoretical contributions. This research challenges the BoP literature by developing the concept of co-optation of BoP business models as the basis of a commercial relationship between MNCs and informal microbusinesses. The study found that MNCs co-opt the business models and reinvent existing products and services rather than meaningfully innovate for the BoP market. Thus, co-opting informal economy business models as a BoP strategy was the theme for the MNCs in the BoP market. Therefore, this research has explored a type of BoP strategy (Co-optation) not fully discussed in the literature, and this is the contribution to the debate.

Another contribution is that MNC's entry enabled scalability of informal economy business models in the BoP market through co-optation strategies. That is, co-opting local microbusiness models as a BoP strategy facilitated scalability in Ghana. As seen in the thesis, the local microbusinesses develop the business models but these were not scalable. For instance, the crude and unsophisticated ways of preparing unbranded sachets of MNC's products could not serve the entire BoP market. In the financial sector, business significantly evolved that



electronic gadgets and sales devices such as counting machines and application software are used to track deposits for its operation in the BoP market. MNCs made these business models scalable and reinvented existing products and services to generate opportunities in the BoP market. BoP researchers have not investigated these approaches so far.

This study also contributed to our understanding of the poor as local intermediaries involved in making goods developed for higher income consumers accessible through distribution, innovation, and sales. Employing a qualitative approach to data collection and analysis was essential in order to understand these relationships in BoP markets, which are difficult to research and hence are often only poorly understood. Prior studies regarded the poor as consumers or producers (Prahalad and Hart, 2002; Prahalad, 2004; Karnani, 2007). In this study, however, it was found that the poor can be considered as local intermediaries as they play the significant role in allowing consumers access to MNCs' goods and services at affordable prices. Clearly, the relationship between local intermediaries and MNCs is central for business-driven solutions to alleviate poverty in LDCs. Nevertheless, the MNCs' ability to create income opportunities and employment holds the potential to alleviate poverty, but the BoP researchers are silent to address the intricacies of relationships and business models that could deliver on this promise.

Finally, this research uncovered that the diffusion of the BoP concept prompted a strategic reorientation for MNCs operating in Ghana, leading them to engage with the BoP market for the first time. Here this study draws on performativity theory to contribute to our understanding of how BoP concept has come to create interest in MNCs to engage with poor consumers. However, while the concept is clearly performative, the way MNCs innovate in BoP market significantly diverges from the original formulation. The notion of “a fortune at the bottom of

the pyramid” prompted MNC’s managers to develop a strategy of co-opting the local intermediaries in the market. Hence this thesis concludes that BoP concept has become performative in Ghana, with unintended consequences, something that has not been identified by previous researchers.

### **8.3 LIMITATIONS OF THE RESEARCH**

Like all research projects, this study has some limitations that should be carefully noted. These limitations are largely methodological issues, and some could be addressed in the future.

#### **8.3.1 Limitations of the Interview Process**

During the interviews, local microbusiness owners frequently asked the researcher to simplify the questions over and over again. While the questions were already phrased as simple as possible (see appendix for a list of questions for semi-structured interviews), the poor educational background of local intermediaries made communication difficult. This slowed down the process of interviewing, as it required patience to interview this sample group effectively in order to ensure the relevance of the data gathered.

Other issues included a lack of experience of interacting with researchers, and the role of gender and social expectations. This is especially clear when interviewing female micro shops owners as they insisted on waiting for their husbands before speaking to the researcher. It was difficult to ascertain whether they would have answered questions in the same way without their spouses present. Some did not speak unless they could consult with their husbands before responding to questions throughout the interview. However, by comparing responses for female and male owners, the researcher was able to establish similarities across interviews in terms of the issues raised.

There were also concerns about MNCs' managers' ability to respond openly to questions. MNCs have a policy of not speaking to outsiders about their strategies, which was an obstacle for some aspects of interviewing. Also, the fact that I was a Ghanaian living abroad was a concern for managers. At a point, one of the managers from MTN Company said to me that 'we don't tell researchers our strategies as they may have been sent by our competitors'. This statement was not surprising given the intense competition in the telecom industry in Ghana. The leading telecom companies in West Africa, MTN, and Vodafone were wary of each other (see chapter 4) and sought to prevent any leaking of information. Ultimately, I knew some who could act as a 'gatekeeper' for me and who intervened on my behalf and confirmed that the purpose of the interview was for academic purposes. Only then did the companies allow me to interview, and participants became more open and later referred me to other colleagues for further interviews.

Being a Ghanaian living abroad was not always an issue, as it also encouraged the local microbusiness interviewees to say more. Some of the participants used the opportunity of being interviewed as a way of voicing complaints, possibly in the hope of intervention by the researcher with the MNCs. Their relationship with the MNCs was thus the centre stage during the interview and sometimes their attention needed to be redirected to other important questions. Having worked in Ghana years back before starting my PhD, I was well aware that people were sometimes more candid with outsiders when they felt they needed help. This aspect was helpful as the participants were more open in speaking to me.

### **8.3.2 Scarcity of Resources**

Like all doctoral research projects, this study would have benefited from more resources in terms of funding and time. It was impossible to conduct a broad survey following on from the semi-structured in-depth interviews and not realistic to interview a larger number of people.

However, this study nevertheless interviewed a significant number of individuals representing several MNCs in different industries and local intermediaries working with them in Ghana's BoP market. The results of this study highlight new aspects of the relationship between MNCs and local microbusinesses on which future researchers can build.

### **8.3.3 Researcher Bias**

As in all qualitative research projects, researcher bias can affect the interpretation of data. In order to reduce bias, I was careful to check my interpretations with others and kept careful notes of assumptions and repetition during the data collection and analysis. A PhD colleague, who has had a similar experience in collecting data from Ghana, acted as a third party to check it. These issues were also regularly discussed with more experienced qualitative researchers such as the supervisors and when presenting at conferences and doctoral colloquiums.

### **8.3.4 Limitation to Researching BoP Markets**

Research in BoP markets is incredibly challenging. This ranges from poor roads and communication networks over issues of trust, such as female participants waiting for husbands before answering questions, or concerns about what the information might be used for as in the case of the MNCs. Local microbusiness' interviewees were also suspicious and wondered whether I would use the information for my business advantage. I minimised these tensions by explaining my position to them, and what I was planning to do with the information they provided.

Also, I did not stay in the field for a substantial amount of time; however, it helped that I am Ghanaian as I would probably not have been able to gain this level of access as a foreigner. Nevertheless, going forward it would be useful to engage over a longer period so that the people participating get to know the researcher, which might lessen some of the issues faced in this research.

#### **8.4 RECOMMENDATIONS FOR FUTURE RESEARCH DIRECTIONS**

This thesis has contributed by exploring the way BoP business models are developed and the performativity of the BoP concept in Ghana, which is one of the middle-income countries in Africa that is not well represented in BoP research. This has opened up further avenues for future research which will be discussed below.

Given the dynamic nature of the relationships in BoP markets, a longitudinal approach would significantly enhance our understanding of BoP dynamics. It was not feasible to conduct this kind of research during my PhD. Second, one of the issues was that MNCs contribute to increasing inequality in the BoP market. This aspect is referred to future research as the current data does not provide enough evidence to ascertain the case of inequality in the BoP market. Such research would increase our understanding of whether MNCs contribute to inequality or not in the BoP market.

A comparative study of MNCs and local intermediaries' relationships in a different setting may also further expand our knowledge of BoP business models. Also, the role of large domestic companies either in Ghana or other developing economies in terms of BoP initiatives remain an underexplored area.

With the performativity of the BoP concept, there is the need for more research into this to ascertain the type of performativity that drive Vodafone Company. It would be interesting to look further into the role of BoP conception embraced by the company in their business strategy, as one interviewee was less clear about the interest in the BoP concept.

#### **8.5 CONCLUDING REMARKS**

The literature indicates that MNCs, large businesses, governments, NGOs, and SMEs initiate BoP innovations and that the poor are recipients in the BoP markets. Increasingly, scholars have

taken issue with this claim and instead suggest that the initiators of business initiatives are the SMEs. The present research has argued that we need to look at the poor themselves if we want to identify the origins of BoP innovations, which I call local intermediaries, and that MNCs just identify gaps in the BoP market and then develops cost-effective solutions to serve the market. The study has shown how the local intermediaries develop the business models and how MNCs co-opt and reinvent these models in the case of Ghana. The research has explored a type of BoP strategy (co-optation) not fully discussed in the literature, and this is one of my contributions to the debate. MNCs showed interest in the BoP market on the account of the BoP concept becoming performative and facilitating greater linkages between MNCs and microbusinesses (known as a performative tie). The role that the BoP concept has played since its popularisation has not been considered by researchers before. My contribution is to analyse this performativity and its unintended and unanticipated outcomes.

## REFERENCES

- Abor, J., and Quartey, P. (2010). Issues in SME Development in Ghana and South Africa. *International Research Journal of Finance and Economics*, 39: 218-228.
- Acheampong, G., and Esposito, M. (2014). The nature of entrepreneurship in bottom of the pyramid markets. *International Journal Entrepreneurship and Small Business*, Vol. 21, No. 4.
- Aker, J. C. and Fafchamps, M. (2015). *Mobile Phone Coverage and Producer Markets: Evidence from West Africa*. Oxford University Press on behalf of the World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/25842> License: CC BY-NC-ND 3.0 IGO.”
- Adomako, S., Danso, A., and Damoah O. J. (2016). The moderating influence of financial literacy on the relationship between access to finance and firm growth in Ghana. *An International Journal of Entrepreneurial Finance*, vol. 18. Iss. 1.
- Adeyeye, A. O. (2012). *Corporate social responsibility of multinational corporations in developing countries: Perspectives of anti-corruption*. Cambridge University Press.
- Agyei, Y. A., Kumi, E., and Yeboah, T. (2016). Is better to be a ‘kayayei’ than to be unemployed: reflecting on the role of head pottering in Ghana’s informal economy. *Geo Journal*, 81 (2), pp. 293-318.
- Agyeman-Duah, I. (2008). *Economic History of Ghana: Reflections on a Half-century of Challenges and Progress* (Ed.). Oxfordshire UK: Ayebia Clarke Publishing.
- Ahmad, P. S., Gorman, M. E., and Werhane, P. H. (2004). Case study: Hindustan Lever Limited and marketing to the poorest of the poor. *International Journal of Entrepreneurship and Innovation Management*, 4, 495-511.
- Akula, V. (2008). Business basics at the base of the pyramid. *Harvard Business Review*, 86(6):53-57.
- Alabi, J., Alabi, G., and Ahiawodzi, A. (2007). Effects of ‘Susu’ - a traditional micro-finance mechanism on organised and unorganised micro and small enterprises (MSEs) in Ghana, *Journal of African Business Management*, 1(8), 201-208.
- Altman, D. G., Rego, L., and Ross, P. (2009). Expanding opportunity at the base of the pyramid. *People and Strategy*, 32(2), 46-51.
- Amaeshi, K., Adegbite, E., and Rajwani, T. (2016). Corporate Social Responsibility in challenging and non-enabling institutional contexts: Do institutional voids matter? *Journal Business Ethics*, 134:135–153.
- Amaeshi, K. (2011). International financial institutions and discursive institutional change: implications for corporate social responsibility in developing economies. *Journal of Change Management*, 11(1):111-128.
- Amaeshi, K., Nnodim, P., and Osuji, O. (2008). Corporate social responsibility in supply chains of global brands: A boundary less responsibility? Clarifications, exceptions and implications. *Journal of Business Ethics*, 1(81), 223–234.

- Amaeshi, K. M., Adi, B. C., Ogbechie, C., and Amao Olufemi, O. (2006). Corporate Social Responsibility in Nigeria: Western Mimicry or Indigenous Influences? *Journal of Corporate Citizenship*, (24):83-99.
- Anderson, J., and Billou, N. (2007). Serving the world's poor: Innovation at the base of the economic pyramid. *Journal of Business Strategy*, 28(2), 14-21.
- Anderson, J., and Kupp, M. (2008a). *Celtel Nigeria: Serving the rural poor*. Tilburg, Netherlands: TiasNimbas Case Study.
- Anner, M., and Hossain, J. (2014). *Multinational Corporations and Economic Inequality in the Global South: Causes, Consequences, and Countermeasures*. Working paper prepared for the 9<sup>th</sup> Global Labour University Conference "Inequality within and among Nations: Causes, Effects, and Responses", Berlin.
- Anupindi, R., and Sivakumar, S. (2007). Supply chain reengineering in agri-business: A case study of ITC's e-Choupal. In *International Series in Operations Research and Management Science* (Vol. 98, pp. 265-307). (International Series in Operations Research and Management Science; Vol. 98). Springer New York LLC. DOI: 10.1007/978-0-387-38429-0\_12
- Ardic, O., Mylenko, N., and Saltane, V. (2011). *Small and medium enterprise development, A cross country analysis with a new data set*, Policy research working paper.
- Arora, S., and Romijn, H. (2011). The empty rhetoric of poverty reduction at the base of the pyramid, *Organisation*, 19(4) 481-505.
- Arnold, G. D., and Valentine, A. (2013). Corporate social responsibility at the base of the pyramid. *Journal of Business Research*, 66:1904-1914.
- Arnold, D. C. (2003). Exploitation and the sweat shop quandary. *Business Ethics Quarterly*, 13(2), 243-256.
- Arnold, E. J., and Mohr, J. J. (2005). Dynamics transformations for base-of-the-pyramid market clusters. *Journal of Academy of Marketing Science*, 33,254-274.
- Aryeetey, E. (2008). From informal finance to formal finance in sub-Saharan Africa: lessons from linkage efforts. A paper presented at the High-level seminar on African Finance for the 21<sup>st</sup> century organised by the IMF Institute and the Joint Africa Institute, 1-36.
- Aryeetey, E. (2001). *Priority Research Issues Relating to Regulation and Competition in Ghana*. Centre on Regulation and Competition, Institute for Development Policy and Management. University of Manchester. Working Paper Series, Paper No. 9
- Aryeetey, E., and Steel, W. (1994). 'Informal Savings Collectors in Ghana: Can They Intermediate?' *Finance and Development*, Vol. 31, Issue 1, pp. 36-37. *Science and Technology (Ghana)*, 32(2), 56-67.
- Aryeetey, E., and Mckay, A. (2007). Ghana: The challenge of translating the sustained growth into poverty reduction, in Besley T. and Cord, L (Ed.) (2007). *Delivering on the promise of pro-poor growth: Insights and lessons from country experiences*, The World Bank, Washington DC.



- Asiama, P., and Osei V. (2007). "Microfinance in Ghana: an overview", Research Department - Bank of Ghana, Economic Web Institute.
- Austin, J. R. (1962). *How to do things with words?* London: Oxford University Press.
- Austin, J. R. (1975). *How to do things with words?* (2<sup>nd</sup> ed.), J. O. Urmson & M. Sbisà (Eds.). Cambridge, MA: Harvard University Press.
- Baah-Ennumh, T. Y., and Adom-Asamoah, G. (2012). The role of market women in the informal urban economy in Kumasi. *Journal of S*
- Banerjee, A. V., and Duflo, E. (2007). The economic lives of the poor. *Journal of Economic Perspectives*, 21, 141-167.
- Banerjee, A. V., and Duflo, E. (2011). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: Public Affairs.
- Bank of Ghana (2017). *Banking Sector Report Vol. 2.3*. Bank of Ghana
- Basu, A., Blavy, R., and Yulek, M. (2004). *Microfinance in Africa: Experience and Lessons from IMF International Monetary Fund*.
- Baxter, P., and Jack, S. (2008). Qualitative study case methodology: study design and implementation for novice researchers. *The qualitative report* 13(4), 544-556.
- Bayport website, Ghana [www.bayportghana.com](http://www.bayportghana.com). Best payroll and micro lending brand. Date accessed 15/05/2016.
- Bennet, M. J. (1998). *Intercultural communication: "A Current Perspective"*, in Bennet, M. J. (Ed.) op cited.
- Berges, S. (2007). Why the capability approach is justified. *Journal of Applied Philosophy*, 24(1) 16-25.
- Bhagwati, J. (2004). Do multinational corporations hurt poor countries? *The American Enterprise*.
- Blumberg, B., Cooper, R. D., and Schindler, S. P. (2005). *Business research methods*, McGraw-Hill, London.
- Bogdan, R. C., and Biklen, S. K. (1992). *Qualitative research for education. An introduction to theory and methods*. Boston, MA: Allyn and Bacon.
- Boso, N., Story, V. M., and Cadogan, J. W. (2013). Entrepreneurial orientation, market orientation, network ties and performance: Study of entrepreneurial firms in developing economy. *Journal of Business Venturing*, 28 no.6, pp. 708-27.
- Bouchard, T. J. Jr. (1976). Unobtrusive measures: An inventory of uses. *Sociological Methods and Research*, 4:267-300.
- Bragason, E. H. (1997). Interviewing through interpreters. *Newsletter—Centre for Qualitative Research*, 23 December. <http://www.psy.au.dk/ckm/>.

- Breakwell, G. M. (2000). Interviewing. In G. M. Breakwell, S. Hammond, S., and C. Fife-Schaw (Ed.). *Research methods in psychology*: 239-250.
- Brinkerhoff, J. M. (2008). What does a goat have to do with development? Diasporas, IT, and the case of Thamel.com. *Information Technologies and International Development*, 4(4), 9-13.
- Browne, K. (2005). Snowball sampling: using social networks to research non-heterosexual women. *International Journal of Social Research Methodology*, 8(1).
- Bryman, A., and Bell, E. (2011). *Business Research Methods* (3rd Ed.), Oxford University Press Inc., New York.
- Business Action for Africa and Accenture (2006). *Enterprise Development in Sub-Saharan Africa: Business Climate Study*. Ian Wadie and Andrew Chen.
- Butler, J. (1998). Performative acts and gender constitution: an essay in phenomenology and feminist theory. *Theatre Journal*, 40(4), 519-531.
- Callon, M. (1998). *The laws of market*, Oxford: Brackwell.
- Carlson, J. A. (2010). Avoiding traps in member checking. *The Qualitative Report*, 15, 1102–1113. Retrieved from <http://tqr.nova.edu/>
- Carsamer, E. (2009). *Access to credit by SMEs in Ghana: Does the type of business matter?* Social Science Today. Winneba: Jim Water Light and Salt Publishers.
- Carter, S., and Jones-Evans, D. (2006). Introduction in S. Carter and D. Evans-Jones (Eds.), *Enterprise and small business: Principles, practice and policy* (2nd ed.): 1-4. Harlow, UK: Pearson Education.
- Charmaz, K. (2000). 'Grounded theory: Objectives and constructivist methods' in N. K. Denzin and Y. S. Lincoln (Ed.), *Handbook of Qualitative Research*, 2nd Edition. Thousand Oaks, CA: Sage.
- Chandy, R., and Narasimhan, O. (2011). How micro-entrepreneurs could change the world, *Business Strategy Review*, (1):52-55.
- Chesbrough, H., Ahern, S., Finn, M., and Guerraz, S. (2006). Business models for technology in the developing world: The role of non-governmental organizations. *California Management Review*, 48(3), 48-61.
- Charango, M., Lele, A., Lun, S., and Van Wamelen, A. (2011). Cracking the next growth market: Africa. *Harvard Business Review*, 89(5):117-112.
- Collier, P. (2007). *The Bottom Billion: Why the poorest countries are failing and what can be done about it?* Oxford University Press, UK.
- Cook, P., and Nixon, F. (2000). *Finance and Small and Medium-Sized Enterprise Development*. IDPM, University of Manchester, Finance and Development Research Programme Working Paper Series, Paper No. 14.

- Constant, D., Sproull, L., and Kiesler, S. (1996). The kindness of strangers: The Usefulness of Electronic Weak Ties for Technical Advice, *Organisation Science* 7(2):119-135.
- Corley, K. G., and Gioia, D. A., (2004). Identity ambiguity and change in the wake of a corporate spin-off. *Administrative Science Quarterly*, 49, 173-208.
- Coulombe, H., and Wodon, Q. (2007). Poverty Livelihoods and Access to Basic Services in Ghana, *Ghana CEM: Meeting the Challenge of Accelerated and Shared Growth*.
- Constant, D., Sproull, L. and Kiesler, S. (1996). The Kindness of Strangers: The Usefulness of Electronic Weak Ties for Technical Advice. *Organisation Science* 7(2):119-135.
- Corley, K. G., Gioia D. A. (2011). Building theory about theory building: What constitutes a theoretical contribution? *Academy of Management Review*, 36, 12–32)
- Crabtree, A. (2007). Evaluating ‘The Bottom of the Pyramid’ from a Fundamental Capabilities Perspective, *CBDS Working Paper Series, Working Paper No. 1, 2007, pp1-18*.
- Crabtree, B. F., and Miller, W. L. (1999). ‘Using codes and code manuals: a template organizing style of interpretation’, in Crabtree, B.F. and Miller, W.L. (Eds.) *Doing Qualitative Research* 2<sup>nd</sup> Ed. Thousand Oaks, Ca: Sage Publications
- Creswell, J. W. (2013). *Qualitative inquiry and research design: choosing among five approaches*, 3rd Ed. Los Angeles: Sage publications.
- Crouch, M. (2006). The logic of small samples in interview-based qualitative research, *Social Science Information*, volume 45, issue 4.
- Croucher, M., and McKenzie, H. (2006). The logic of small samples in interview based qualitative research. *Social science information*, 45(4), 483-499.
- Daniels, L. (1999). The role of small enterprises in the household and national economy in Kenya: A significant contribution or last resort. *World Development*, 27: 55-65.
- David, L. M. (2008). *The Sage encyclopaedia of qualitative research methods*. Sage Publications, Inc. pp. 816-817.
- Davidson, K. (2009). Ethical concerns at the bottom of the pyramid: Where CSR meets BoP. *Journal of International Business Ethics*, vol.2 No.1.
- Deakins, D., and Freel, M. (1998). Entrepreneurial learning and the growth process in SMEs. *The Learning Organization*, 5(3): 144-155.
- Denzin, N. K. (1970). *The research act: A theoretical introduction to sociological methods*. Chicago: Aldine Publishing Co.
- Denzin, N. K., and Lincoln, Y. S. (2000). Introduction: ‘The discipline and practice of qualitative research’ in Denzin, N.K. and Lincoln, Y.S. (Ed.) *Handbook of Qualitative Research*, 2<sup>nd</sup> Ed. London: Sage Publications.

- Denzin, N. K., and Lincoln, Y. S. (1994). "Introduction: Entering the field of qualitative research". In NK Denzin and YS Lincoln (Ed.) *Handbook of Qualitative Research* (pp. 1-17). Thousand Oaks: Sage Publications.
- Derban, W. (2007). 'Linking indigenous financial systems to Banking: the case of Barclays Microbanking', Third Annual Microfinance Conference, Cape Coast, Ghana, 10-11<sup>th</sup> January
- Deresky, H. (2014). *International Management, Managing across borders and cultures* (8<sup>th</sup> edn.). Pearson Education Limited.
- De Soto, H. (2000). *The mystery of capital: Why capitalism triumphs in the West and fails everywhere else*. New York, NY: Basic Books.
- Dimmock, C. (2002). *Research Methods in educational leadership and management*, in Coleman, Marianne and Briggs, Ann R. J. (Ed.) *Research methods in educational leadership and management*, London: Paul Chapman.
- Dolan, C., and Scott, L. (2009). Lipstick evangelism: Avon trading circles and gender empowerment in South Africa. *Gender and Development*, 17(2), 203-218.
- Dowuona-Hammond, C., and Atuguba, R. A. (2008). *The New Legon Observer*. A Ghana society for development dialogue publication. Vol.2 No. 10.
- Durisin, B. and Todorova, T. (2012). A study of the performativity of the 'ambidextrous organisations' theory: Neither lost in nor lost before translation. *Journal Production Innovation Management*, 29:53-75.
- Easterby-Smith, M., Thorpe, R., and Lowe, A. (1991). *Management research: An Introduction*. London: Sage Publications.
- Easterlin, R. A. (2000). The worldwide standard of living since 1800. *Journal of Economic perspectives*, 14 (1), 7-26.
- Egri, C. P., and Ralston, D. A. (2008). Corporate responsibility: A review of international management research from 1998 to 2007. *Journal of International Management*, 14, 319-339.
- Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review*, 14:57-74.
- Eisenhardt, K. M., and Graebner, M. E. (2007). Theory building from cases: opportunities and challenges. *The Academy of Management Journal*, 50: 25-32.
- Ekumah E. K., and Essel, T. (2003). *Information is Power: the Problem with Credit Accessibility in Rural Banks in Ghana*.
- Ernst and Young (2013). *Ernst and Young's attractiveness survey Africa 2013, Getting down to business Growing Beyond*.
- Eshuis, F., and Harmsen, J. (2003). *Making trade work for the producers: 15 years of fair trade labelled coffee in the Netherlands*, Max Havelaar Foundation, Netherlands. Available on line at [http://www.fairtrade.org.uk/downloads/pdf/making\\_trade\\_work.pdf](http://www.fairtrade.org.uk/downloads/pdf/making_trade_work.pdf)

- Ferraro, F., Pfeffer, J. & Sutton, L. (2009). How and why theories matter: A comment on Fellin and Foss (2009). *Organisation Science* 20 (3): 669-75.
- Fleming, P. and Sturdy, A. (2003). Talk as technique: A critique of the world/deeds distinction in the diffusion of customer service cultures in call centres. *Journal of Management Studies*, 40, 753-73.
- Fitch, B., and Sorensen, L. (2007). The case for accelerating profit making at the base of the pyramid: what could and should the door community be seeking to do, and what results should it expect? *Journal of International Advance*, 19(6), 781-792.
- Friedman, M. (1962). *Capitalism and Freedom*. University of Chicago Press, Chicago, IL/London.
- Friedman, M., and Friedman, R. (1990). *Free to choose: A personal statement*. Philadelphia, PA: Harvest Books.
- Garrette, B., and Karnani, A. (2010). Challenges in marketing socially useful goods to the poor. *California Management Review*, 52(4), 29-47.
- Gephart, P. R. (2004). Qualitative Research and the Academy of Management Journal, *Academy of Management Journal*, vol. 47, No. 4, 454-462.
- Ghuri, P. N. (2004). Designing and conducting case studies in international business research. In R. Marschan-Piekkari and C. Welch (Eds.), *Handbook of qualitative research methods for international business* (pp. 109–124). Cheltenham, England: Elgar.
- Ghuri, P. N., and Gronhaug, K. (2002). *Research Methods in Business Studies: A Practical Guide* (2<sup>nd</sup> Ed.), London: FT Prentice Hall Europe.
- Ghana/JoyBusiness (2017). Business in Ghana, online access 12/12/2017 on ([www.myjoyonline.com/ghananews](http://www.myjoyonline.com/ghananews))
- Ghana Christian Aid (2011). Annual report and accounts: Poverty. ([christianaid.org.uk/ghana](http://christianaid.org.uk/ghana))
- Ghana Statistical Services (2012). *Population and Housing Census*, Accra: Ghana Statistical Service.
- Ghana Statistical Services (2006). *Statistics for Development and Progress*, Accra: Ghana Statistical Service.
- Ghana Investment Promotion Centre (GIPC), (2011). *GIPC Quarterly Report: Doing business in Ghana*, vol.7 Iss. 3.
- ghanaweb.com 2013. Hawkers on street, Article no. 266717 Date accessed 10/02/2018.
- Gibbs, G. R. (2007). *Analysing qualitative data*. London: Sage, especially chapter 2, Data Preparation.
- Gioia, D. A., and Chittipeddi, K. (1991). Sense making and sense giving in strategic change initiation. *Strategic Management Journal*, 12, 433-448.

- Gioia, D. A., Thomas, J. B., Clark, S. M., and Chittipeddi, K. (1994). Symbolism and strategic change in academia: The dynamics of sense making and influence. *Organisation studies*, (5) 363-383.
- Gioia, D. A., Corley, K. G., and Hamilton, A. L. (2012). Seeking qualitative rigour in inductive research: Notes on Gioia methodology, *Organisational Research Methods*, 16(1), 15-31.
- Gioia, D. A., and Thomas, J. B., (1996). Identity, image and issue interpretation; Sense making during strategic change in academia. *Administrative Science Quarterly*, 41:370-403.
- Gioia, D. A., Corley, K. G., and Hamilton, A. L. (2013). Seeking Qualitative Rigour in Inductive Research: Notes on the Gioia Methodology. *Organizational Research Methods*, 16(1), 15-31.
- Glaser, B., and Strauss, A. (1997). *Discovering grounded theory*, Chicago: Aldine.
- Glaser, B. G., and Strauss, A. L. (2012). *The discovery of Grounded Theory: Strategies for qualitative research*, Aldine Transaction.
- Glaser, B. G., and Strauss, A. L. (2009). *The Discovery of Grounded Theory: Strategies for Qualitative Research*, Aldine Transaction. New Brunswick, U.S.A and London, U.K.
- Government of Ghana (GOG), (2007). Budget statement for the year 2008. Ghana Official Portal. [http://Ghana.gov.gh/Ghana/budget\\_statements.jsp](http://Ghana.gov.gh/Ghana/budget_statements.jsp).
- Grix, J. (2004). *The foundations of research*. Hampshire: Palgrave Macmillan.
- Guba, E. G., and Lincoln, Y. S. (2005). Paradigmatic controversies, contradictions, and emerging confluences. In N. K. Denzin, and Y. S. Lincoln (Ed.), *the Sage handbook of qualitative research*, 3<sup>rd</sup> Ed. Sage, Thousand Oaks, 191-215.
- Gudic, M., Rosenbloom, A., and Parkers, C. (2014). *Socially responsive organisations and the challenge of poverty*, Greenleaf Publishing Limited, UK.
- Guerard, S., Langley, A., and Seidl, D. (2013). Rethinking the concept of performance in strategy research: Towards a performativity perspectives. *AIMS- Management* (16)5:566-578.
- Guesalaga, R., and Marshall, P. (2008). Purchasing power at the bottom of the pyramid: Differences across geographic regions and income tiers. *Journal of Consumer Marketing*, 25, 413-418.
- Hacking, I. (1983). *Representing and interviewing: introductory topics in philosophy of natural science*, Cambridge, Cambridge University Press.
- Hahn, R. (2009). The ethical rationale of business for the poor: Integrating the concepts bottom of the pyramid, sustainable development, and corporate citizenship. *Journal of Business Ethics*, 84, 313-324.
- Hammond, A. L., Kramer, W. J., Katz, R. S., Tran, J. T., and Walker, C. (2007). *The next four billion: Market size and business strategy at the base of the pyramid*, Washington, D.C.: World Resource Institute and International Finance Corporation.

- Hammond, A. L., and Prahalad, C. K. (2004). Selling to the poor. *Foreign Policy*, 142, 30-37.
- Hansen, T. (2005). Perspectives on consumer decision making: an integrated approach, *Journal of Consumer Behaviour*, 4(6):420-437.
- Hart, S. L. (2005). Innovation, creative destruction and sustainability. *Research Technology Management*, 48(5), 21-27.
- Hart, S. L., and Christensen, C. (2002). The great leap: Driving innovation from the base of the pyramid. *Sloan Management Review*, 44(1), 51-56.
- Hart, S. L., and London, T. (2005). Developing native capability: What multinational corporations can learn from the base of the pyramid? *Stanford Social Innovation Review*, 3(2): 28-33.
- Heks, R. (2008). ICT4D 2.0: The next phase of applying ICT for international development. *Computer*, 41(6), 26-33.
- Herriott, R. E., and Firestone, W. A. (1983). Multisite Qualitative Research: Optimizing Description and Generalizability. *Education Researcher*, 12, 14-19.
- Hernando de Soto (2000). *The Mystery of Capital: why capitalism triumphs in the West and fail everywhere else*, Fortune Magazine.
- Holt, D., and Littlewood, D. (2014). The informal economy as a route to market in sub-Saharan Africa- observations among Kenyan informal economy entrepreneurs. *The Routledge Companion to business in Africa*.
- Ibeh, K., and Nwankwo, S. (2015). *The Routledge companion of business of Africa*, Rotledge Companions
- Ibro, G., Fulton, J., and Lowenberg-DeBoer, J. (2006). Factors affecting success for women entrepreneurs in West Africa: the case of Kossai, a value added cowpea product. Paper presented at the 2006 American Agricultural economics association annual meeting, Long Beach, California.
- Institute for Statistical, Social and Economic Research- ISSER (2007). *Shared and Inclusive Growth in Ghana*, Report for DFID. Accra: ISSER.
- International Monetary Fund (IMF) Report (2014). *Ghana 2014 Article IV Consultation—Staff Report; Press Release; and Statement by the Executive Director for Ghana*, Washington, D.C 20090.
- International Food Policy Research Institute (IFPRI) (2012). Working paper 01161, February 2012.
- Ireland, J. (2008). Lessons for successful BoP marketing from Caracas' slums. *Journal of Consumer Marketing*, 25, 430-438.
- Jaiswal, A. K. (2008). *Fortune at the Bottom of the Pyramid*: Indian institute of Management, 1.

- Jenson, S. M., Critchton, S., Sathiyandra, S., and Krishnan, V. (2002). Direct measure of living standards: The New Zealand ELSI scale: The Ministry of Social Development.
- Jiang, J. H., and Kandachar, P. (2008a). New market, new challenge, new opportunity (1): Overview of China rural healthcare & design methodology. Annual International Conference of the IEEE Engineering in Medicine and Biology Society, 1579-1582.
- Johnson, S. (2007). SC Johnson builds business at the base of the pyramid. *Global Business and Organizational Excellence*, 26(6), 6-17.
- Johnson, B., and Cristensen, L. (2004). Educational research, quantitative, qualitative, and mixed approaches. Boston: Allyn and Bacon.
- Jose, P. D. (2008). Rethinking the BOP: New models for the new millennium Academic perspective. *IIMB Management Review*, 20, 198-202.
- Kacou, E. (2010). Entrepreneurial solutions for prosperity in BoP markets: Strategies for business and economic transformation, Wharton School Publishing.
- Kandachar, P., and Halme, M. (2008). Farewell to pyramids: how can business and technology help to eradicate poverty? In P. Kandachar & M. Halme (eds.), *Sustainability Challenges and Solutions at the Base of the Pyramid*. Sheffield, UK: Greenleaf Publishing Limited.
- Kandachar, P., de Jongh, I., and Diehl, J. C. (2009). Designing for emerging markets: Design of products and services, Delft University of Technology, pp. 1-205.
- Karnani, A. (2006). Mirage at the Bottom of the Pyramid: William Davidson Institute Working Paper No. 835.
- Karnani, A. (2007). The mirage of marketing to the bottom of the pyramid: How the private sector can alleviate poverty. *California Management Review*, 49(4), 90-111.
- Karnani, A. (2008). Employment, not microcredit, is the solution. *The Journal of Corporate Citizenship*, 32, 23-28.
- Karnani, A. (2009). Romanticizing the poor harms the poor. *Journal of International Development*, 12(1), 76-86.
- Karnani, A. (2011). *Fighting poverty together—rethinking strategies for business, governments, and civil society to reduce poverty*, New York, NY: Palgrave Macmillan.
- Katauskas, T. (2004). He will get your goat. *Portland monthly*, 63:42.
- Kayanula, D., and Quartey, P. (2000). The Policy Environment For Promoting Small And Medium-Sized Enterprises in Ghana and Malawi, Finance and Development Research Programme, Working Paper Series Paper No. 15, IDPM, University of Manchester.
- Keating, C., and Schmidt, T. (2008). Opportunities and challenges for multinational corporations at the base of the pyramid, *Sustainability challenges and solutions at the base of the pyramid*, Greenleaf Publishing.



- King, N. (2004a). Using interviews in qualitative research. In C. Cassell and G. Symon (Eds.), *Essential guide to qualitative methods in organizational research*: 11-22. London: Sage Publications.
- Kirchgeorg, M., and Winn, M. I. (2006). Sustainability marketing for the poorest of the poor. *Business Strategy and the Environment*, 15, 171-184.
- Kiss, A. N., Wade, M. D., and Cavusgil, S. T. (2012). International entrepreneurship research in emerging economies: A critical review and research agenda. *Journal of Business Venturing*, 27:266-90.
- Kistruck, G., and Beamish, P. (2010). The interplay of form, structure and embeddedness in social entrepreneurship. *Entrepreneurship: Theory and Practice*, 34: 735-761.
- Kistruck, G. M., Sutter, C. J., and Smith, B. R. (2013). Mitigating principal-agent problems in base-of-the-pyramid markets: An identity spillover perspectives. *Academy of Management Journal*, vol.56, No.3, 659-682.
- Kistruck, G. M., Sutter, C. J., Lount, Jr. R. B., and Smith, B. R. (2011). Mitigating Principal-Agent Problems in Base-of-the-Pyramid Markets: An Identity Spillover Perspective. *Academy of Management Journal*, (4) 1-55.
- Klenke, K. (2008). *Qualitative research in the study of leadership* (1st Ed.). Bingley, UK: Emerald Group Pub. p. 129. ISBN 0080464106.
- Kolk, A., Rivera-Santos, M., and Ruffin, C. (2013). Reviewing a decade of research on the base/bottom of the pyramid (BoP) concept. *Business and Society*, xx(x) 1-40.
- Kolk, A., and Lenfant, F. (2012). Business-NGO collaboration in a conflict setting: Partnership activities in the Democratic Republic of Congo. *Business and Society*, 51, 478-511.
- Kolk, A., and Van Tulder, R. (2010). International business, corporate social responsibility and sustainable development. *International Business Review*, 19, 119-125.
- Kolavalli, S., Robinson, E., Diao, X., Alpuerto, V., Folledo, R., Slavova, M., Ngeleza, G., and Asante, F. (2012). Economic Transformation in Ghana: Where Will the Path Lead? *Journal of African Development*, Vol. 14 No. 2
- Kotler, P., and Keller, K. L. (2006). *Marketing management* (12<sup>th</sup> Ed.), Pearson: Prentice Hall.
- Kornberger, M., and Clegg, S. (2011). Strategy as performative practice: The case of Sydney 2030. *Strategic Organisation*, 9(2), 136-162.
- Krefting, L. (1991). Rigor in qualitative research: The assessment of trustworthiness. *American Journal of Occupational Therapy*, 45, 214–222. doi:10.5014/ajot.45.3.214.
- Kvale, S., and Brinkmann, S. (2009). *Interviews: Learning the craft of qualitative research interviewing*, Newbury Park, London: Sage Publications.
- Kvale, S. (1996). *Interviews: An introduction to qualitative research interviewing*. London: Sage Publications.

- Kuada, J. (2015). *Private enterprise-led economic development in sub-Saharan Africa - the human side of growth*, Palgrave Macmillan, UK.
- Kuriyan R., Ray I., Kammen, D. (2008). How to use technology to spur development. *Issues in Science and Technology*, 24(2), 70-74.
- Kwankye, S. O., Anarfi, J. K., Tagoe, C. A., and Castaldo, A. (2009). Coping strategies of independent child migrants from northern Ghana to southern cities. *Migration DRC Working Paper T-23*. University of Sussex, Brighton: Development Research Centre on Migration, Globalisation and Poverty.
- Landrum, N. E. (2007). Advancing the base of the pyramid debate in *Strategic Management Review*, 1(1): 1-12.
- Le Compe, M. D., and Goetz, J. P. (1982). Problems of reliability and validity in ethnographic research. *Review of Educational Research* 52 (no 1): 31-60.
- Levine, S. S. (2001). Challenging the self-interest Characteristics: Analysis of Recent Evidence about On-line sharing. An American Sociology Association Meeting. Anaheim, CA: Economic Sociology section.
- Levine, S. S. (2005). "The strength of performative ties: Three essays on knowledge, social networks, and exchange". Dissertations available from ProQuest. Paper AAI3197702. <http://repository.upenn.edu/dissertations/AAI3197702>
- Lincoln, Y. S., and Guba, E. G. (1985). *Naturalistic inquiry*. London: Sage Publications.
- Linna, A. (2012). Base of the pyramid (BoP) as a source of innovation: experiences of companies in Kenyan mobile sector. *International Journal of Technology Management and Sustainable Development*, vol.11 no.2.
- London, T. (2008). The base-of-the-pyramid perspective: A new approach to poverty alleviation. In *Academy of Management best paper proceedings*. Anaheim, CA: Academy of Management.
- London, T. (2009). Making better investments at the base of the pyramid. *Harvard Business Review*, 87(5), 106-113.
- London, T., and Hart, S. L. (2004). Reinventing strategies for emerging markets: Beyond the transnational model. *Journal of International Business Studies*, 35, 350-370.
- London, T., and Hart, S. L. (2010). *Next generation business strategies for the base of the pyramid: New approaches for building mutual value*. FT Press, London.
- London, T., Hart, S., and Barney, J. (2011). Next generation base of the pyramid strategy. *Academy of Management Conference (Session # 420)*, San Antonio, TX.
- Lyotard, J. F. (1984). *The post-modern condition: A report on knowledge*. Minneapolis, MN: University of Minnesota Press.
- MacKenzie, D. (2006). Is economics performative? Option theory and the construction of derivatives markets. *Journal of the history of economic thought*, 28(1):29-55.

- MacKenzie, D. and Millo, Y. (2003). Constructing a market, performing a theory: the historical sociology of a financial derivatives exchange. *American Review of Sociology*, 109, pp. 107-145.
- MacKenzie, D. (2007). Is economics performative? Option theory and the construction of derivatives markets. In MacKenzie, D., Muniesta, F. and Sui, L. (eds), *Do Economics make markets? On the Performativity of Economics*. Princeton, NJ: Princeton University Press, pp. 54-86.
- Majumder, M. (2012). A Critical Approach in Understanding Bottom of the Pyramid Propositions. *Journal of Management & Public Policy*, 3(2).
- Mambula, C. J. (2015). Business development in sub-Saharan Africa: obstacles, myths and realities. *The Routledge companion to business in Africa*. - London: Routledge, ISBN 978-0-415-63545-5. - 2015, p. 271-297.
- Mann, M., and Dalby, D. (1987). *A thesaurus of African languages*. London: Hans Zell Publishers.
- Maxwell, J. A. (2002). Understanding and validity in qualitative research. In A. M. Huberman and M. B. Miles (Ed.). *The qualitative research companion*: 37-64. London: Sage Publications
- Mead, D. M., and Liedholm, C. (1998). The dynamics of micro and small enterprise in developing countries. *World Development*, 26: 61-74.
- Mensah, S. (2004). A review of SME financing schemes in Ghana. UNIDO Regional workshop of financing SMEs, 15-16 March, Accra.
- Meyer, K. E. (2004). Perspectives on Multinational enterprises in emerging economies. *Journal of International Business Studies*, 35: 256-276.
- Miles, M. B., and Huberman, A. M. (1994). *Qualitative data analysis: An expanded source book* (2nd Ed.). Newbury Park, CA: Sage.
- Modern Ghana (2015). Business and Finance, July 2015 <https://www.modernghana.com/Date> accessed 07/07/2015.
- Morris, T., and Wood, S. (1991). Testing the survey method: continuity and change in British industrial relations'. *Work Employment and Society*, vol.5, no.2, pp.259-82.
- Moseley, W. G. (2008). Fair Trade Wine: North Africa's Post-Apartheid Vineyards and the Global Economy", *Globalizations*, 5 (2): 291–304.
- Mutis, J., and Ricart, J. E. (2008). Innovación en modelos de negocio: La Base de la Pirámide como campo de experimentación (Innovation in business models. The base of the pyramid as a new field of experimentation). *Universia Business Review*, 18, 10-27.
- Nag, R., and Gioia, D. A. (2012). From common to uncommon knowledge: foundations of firm-specific use of knowledge as a resource, *Academy of Management Journal*, vol. 55, No. 2. 421-457.

- Nag, R., Corley, K. G., and Gioia, D. A. (2007). The intersection of organisational identity, knowledge, and practice: Attempting strategic change via knowledge grafting. *Academy of Management Journal*, 50:821-847.
- National Communications Authority Report (2018). Telecom Data Statistics, NCA Ghana
- National Communications Authority (2017). Communications for Development: Telecom subscriptions, Ghana.
- North, D., C. (1992). "Transaction costs, institutions, and economic performance." San Francisco, CA: ICS Press.
- Obeng, B. A., and Blundel, R. K. (2015). Evaluating enterprise policy interventions in Africa: a critical review of Ghanaian small business support services. *Journal of Small Business Management*, 53(2) pp. 416–435.
- Olsen, M., and Boxenbaum, E. (2009). Bottom-of-the-pyramid: Organisational barriers to implementation. *California Management Review*, 51(4), 100-125.
- Opong, M., Owirendu, A., and Churchille, R. Q. (2014). Micro and Small Scale Development in Ghana. *European Journal of Accounting Auditing and Finance Research*, Vol. 2(6) pp. 84-97.
- O'Regan, K. M., and Oster, S. M. (2000). Non-profit and for-profit partnership: Rational and challenges of cross-sector contracting: *Non-profit and Voluntary sector Quarterly*, 29, 120-140.
- Osae, S., Adomako, D., Fianko, J. R., Ganyaglo, S., Kortatsi, B. K., Tay, C., Vitvar, T., Gourcy, L. and Ito, M. (2012). Isotope and hydrochemical techniques used to investigate groundwater in Ghana. *International Atomic Energy Agency*, vol. 43, Iss. 1.
- Osei, R. (2007). *Linking Traditional Banking with Modern Finance: Barclays Micro banking – collectors Initiative*, New York, UNDP.
- Oster, S. M. (1995). *Strategic management for non-profit organisations: Theory and cases*. Oxford: Oxford University Press.
- Otero, M. (1999). Bringing development back into microfinance. *Journal of Microfinance*, Vol. 1, No. 1, 8-19.
- Paine, L. S., and Crawford, R. J. (1998). "The Hairer Group (A)". Harvard Business School case no. 9-398-101 (Boston: Harvard Business School Publishing.
- Patton, M. (2002). *Qualitative evaluation and research methods (3rd Ed.)*. Thousand Oaks, California: Sage Publications.
- Payaud, A. M. (2014). Marketing strategies at the bottom of the pyramid: Examples from Nestle, Danone, and Procter and Gamble. *Global Business and Organisational Excellence*, vol. 33, (2)5-105.
- Perakyla, A. (2004). Reliability and validity in research based on naturally occurring social interaction. In D. Silverman (Ed.), *Qualitative research: Theory, method and practice (2<sup>nd</sup> Ed.)*: 283-304. London: Sage Publications.

- Pfeffer, J., and Salancik, G. R. (2003). *The External Control of Organizations: A Resource Dependence Perspective*. California: Stanford University Press.
- Pitta, D. A., Guesalaga, R., and Marshall, P. (2008). The quest for the fortune at the bottom of the pyramid: Potential and challenges. *Journal of Consumer Marketing*, 25, 393-401.
- Popper, K. (1963). *Conjectures and Refutations: The Growth of Scientific Knowledge*, London; Routledge.
- Porter, M. E. (1985). *Competitive Advantage*. Free Press.
- Prahalad, C. K. (2004). *Fortune at the bottom of the pyramid: Eradicating poverty through profits*. Philadelphia: Wharton School Publishing.
- Prahalad, C. K. (2010). *The fortune at the bottom of the pyramid: Eradicating poverty through profits, Revised and Updated 5th Anniversary Edition*, Philadelphia: Wharton School Publishing.
- Prahalad, C. K., and Hammond, A. L. (2002). *What works: Serving the poor, profitably: A private sector strategy for global digital opportunity*. Washington, DC: World Resources Institute.
- Prahalad, C. K., and Hart, S. (1999). *Strategies for the bottom of the pyramid: Creating sustainable development (Working paper)*. Ann Arbor: University of Michigan. Retrieved from <http://www.bus.tu.ac.th/usr/wai/xm622/conclude%620monsanto/strategies.pdf>
- Prahalad, C. K., and Hart, S. L. (2002). The fortune at the bottom of the pyramid. *Strategy + Business*, 20, 1-13.
- Prahalad, C. K., and Lieberthal, K. (1998). The end of corporate imperialism. *Harvard Business Review*, 76(4), 68-79.
- Prahalad, C. K. (2012). Bottom of the Pyramid as a source of breakthrough innovations. *Journal Production Innovation Management*, 29(1):6-12.
- Prahalad, C. K. (2005). *Fortune at the bottom of the pyramid: Eradicating Poverty through Profits*, Wharton School Publishing: Pennsylvania.
- Prahalad, C. K. (2006). *The fortune of the bottom of the pyramid: A mirage*, Ross School of Business Working paper Series No.1035. Ann Arbor; Ross School Business.
- Prasad, V. C. S., and Ganvir, V. (2005). Study of the principles of innovation for the BoP consumer: The case of a rural water filter. *International Journal of Innovation and Technology Management*, 2, 349-366.
- Rajan, G. R. (2010). *Fault lines: How hidden fractures still threaten the world economy*, Business and economics, Princeton University Press.
- Raymond-Adlain Thietart et al., (2001). *Doing management research, a comprehensive guide*, Sage Publications, London. Thousand Oaks. New Delhi.

- Ricart, J. E., and Mutis, J. (2008). "Understanding business models at the BoP". In Prabhu Kanachar and Mina Halme. Sustainability challenges and solutions at the base of the pyramid. Sheffield, UK: Greenleaf Publishing Ltd., pp 326-343.
- Reuters (2017). Bharti Airtel and Tigo merge in Ghana to form AirtelTigo, Commodities News.
- Reynolds, P. D., Bygrave, W. D., Autio, E., Cox, L. W., and Hay, M. (2002). Global Entrepreneurship Monitor Executive Report (Wellesley, M. A: Babson College).
- Ricart, J. E., Enright, M. J., Ghernawat, P., Hart, S. L., and Khanna, T. (2004). New frontiers in international strategy. *Journal of International Business Studies*, 35: 175-200.
- Richardson, W., and Montanheiro, L. (1995). How to research, write, teach and publish management case studies, Sheffield Hallam University Press.
- Ritchie, J., Lewis, J., and Elam, G. (2003). Designing and selecting samples. In Jane Ritchie and Jane Lewis (Eds.), *Qualitative research practice. A guide for social science students and researchers* (pp.77-108) Thousand Oaks, CA: Sage.
- Roberta, B. (2013). The 'Susu' Collection System in Ghana and experiences in linking formal and informal financial intermediaries, Association of African Entrepreneurs - supporting growth in entrepreneurship.
- Robert, N. L., and Matthew, C. S. (2015). "Micro" versus "small" family businesses: a multinational analysis. *Journal of Small Business and Enterprise Development*, Vol. 22 Iss 3 pp. 380- 396.
- Robson, C. (2011). *Real world research: A resource for social-scientists and practitioner-researchers*. 3rd Ed. Oxford: Blackwell Publishing.
- Robson, P. J. A., and Obeng, B. A. (2008). Barriers to growth in Ghana, *Small Business Economics*, 30(4), 385-403.
- Rolfe, G. (2004). Validity, Trustworthiness and Rigour: Quality and the Idea of Qualitative Research, *Methodological Issues in Nursing Research*.
- Roome, N. and Louche, C. (2016). Journeying toward business models for sustainability: A conceptual model found inside the black box of organisational transformation. *Organisation and Environment*, 29(1), 11-35.
- Ross, A. (2009). Modern Interpretations of Sustainable Development *Journal of Law and Society*, Volume 36, Issue 1.
- Rost, C., and Ydren, E. (2006). Profit for the poor: Sustainable market development in BoP-markets. Jönköping (Master's Thesis in Strategic Marketing, Internationella Handelshögskolan); online at: [www.diva-portal.org/diva/getDocument?urn\\_nbn\\_se\\_hj\\_diva-549-1\\_fulltext.pdf](http://www.diva-portal.org/diva/getDocument?urn_nbn_se_hj_diva-549-1_fulltext.pdf) (accessed 20 August 2015).
- Rubin, A., and Babbie, E. R. (1993). *Research methods for social work*. Pacific Grove, Calif: Brooks/Cole.

- Rugman, M., A. and Collinson, S. (2009). *International Business* (5<sup>th</sup> Edn). Prentice Hall, Financial Times.
- Ryan, A. B. (2006). Post-Positivist Approaches to Research. In: *Researching and Writing your thesis: a guide for postgraduate students*. MACE: Maynooth Adult and Community Education, pp. 12-26.
- Sachs, J. D. (2005). "The End of Poverty – Economic Possibilities for our Time". The Penguin Press, New York, NY.
- Sands, R. G., Bourjolly, J. N., and Roer-Strier, D. (2007). *Crossing Cultural Barriers in Research Interviewing*. Retrieved from [http://repository.upenn.edu/spp\\_papers/135](http://repository.upenn.edu/spp_papers/135).
- Sankaran, G., Naillon, J., Nguyen, J., Hua Chang, H., Hilde, P., and Chadwick, B. (2011). *Telecommunications industry in Ghana. A study tour analysis*, University of Washington Bothel.
- Santos, N. J. C., and Lacznia, R. G. (2009). Marketing to the poor: An integrative justice model for engaging impoverished marketing segments. *Journal of Public Policy and Marketing*, Vol. 28, No. 1:3-15.
- Saunders, M., Lewis, P., and Thornhill, A. (2007). *Research methods for business students*, 4<sup>th</sup> Edition, FT Prentice Hall.
- Saunders, M., Lewis, P., and Thornhill, A. (2012). *Research methods for business students*, 6<sup>th</sup> Edition, Pearson Education Limited.
- Sarabhai, K. V. (2008). *Learning from the poor: Bottom of the pyramid model, sustainability and the need to change our mind-set* (Centre for Environment Education Occasional Paper Number 13). Delhi, India: Centre for Environment Education.
- Schwittay, A. (2008). "A living lab": Corporate delivery of ICTs in rural India. *Science Technology and Society*, 13, 175-209.
- Sedikides, C. (1993). Assessment, enhancement, and verification determinants of the self-evaluation process. *Journal of Personality and Social Psychology*, 65, 317-338.
- Sedikides, C., and Strube, M. J. (1997). Self-evaluation: To thine own self be good, to thine own self be sure, to thine own self be true, and to thine own self be better. *Advances in Experimental Social Psychology*, 29, 209-269.
- Seelos, C., and Mair, J. (2007). Profitable business models and market creation in the context of deep poverty: A strategic view. *Academy of Management Perspectives*, 21(4), 49-63.
- Seibel, H. D., (2001). Mainstreaming Informal Financial Institutions, *Journal of Developmental Entrepreneurship* 6 (1): 83-95.
- Selsky, J. W., and Parker, B. (2005). Cross-sector partnerships to address social issues: Challenges to theory and practice. *Journal of Management*, 31, 849-873.
- Shah, S. (2004). The Researcher/Interviewer in Intercultural Context: A Social Intruder! *British Educational Research Journal* 30(4): 549-75.

- Simanis, E. N. (2012). Reality Check at the Bottom of the Pyramid, *Harvard Business Review*, Vol. 90:120-125.
- Simanis, E. (2008). Bringing Bottom of the Pyramid into business focus Centre for Sustainable Global Enterprise, Cornell University, Ithaca, U.S. A.
- Simanis, E., and Hart, S. L. (2009). Innovation from the inside out. *MIT Sloan Management Review*, 50(4), 77-86.
- Sinfield, J. V., Calder, E., McConnel, B., and Colsin, S. (2012). How to identify new business models? *MIT Sloan Management Review*, 53(2), 85.
- Smith, A. (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations 1* (1 Ed.). London: W. Strahan. Retrieved 2012-12-07., volume 2 via Google Books.
- Spencer, L. J., and Rutherford, R. (2003). Small Business and Empirical Perspectives in Business Ethics: Editorial, *Journal of Business Ethics* 47(1), 1–5.
- Spencer, W. J. (2008). The impact of multinational enterprise strategy on indigenous enterprises: Horizontal spillovers and crowding out in developing countries. *The Academy of Management Review*, Vol. 33, No. 2, pp. 341-361.
- Spicer, A., Alvesson, M. and Karreman, D. (2009). Critical performativity: The unfinished business of critical management studies. *Human relations*, 62 (4): 537-560.
- Spillan, E., J. and King, O., D. (2017). *Doing Business in Ghana: Challenges and Opportunities*. Springer Publication.
- Stefanovic, M., Domeisen, N. N., and Hulm, P. P. (2007). New business-NGO partnerships help the world's poorest. *International Trade Forum*, 2, 6-8.
- Strauss, A., and Cobin, J. M. (1990). *Basics of Grounded theory models: Grounded Theory Procedures and Techniques*. Newbury Park, CA: Sage.
- Strauss, A., and Cobin, J. M. (1998). *Basics of qualitative research: techniques and procedures for developing grounded theory*. Thousand Oaks, CA: Sage.
- Strauss, A., and Cobin, J. M. (2015). *Basics of Grounded theory models (4th Ed): Grounded Theory Procedures and Techniques*, Sage Publications, Inc
- Takyi-Asiedu, S. (1993). Some socio-cultural factors retarding entrepreneurial activity in sub-Saharan Africa. *Journal of Business Venturing*, 8(2) 91-98.
- Tallman, S., and Fladmoe-Lindquist, K. (2002). Internationalisation, Globalisation, and Capability-based strategy. *California Management Review*, vol.45.No.1.
- Teal, F. (2008). *The Ghana and Tanzania Urban Household Panel Surveys: 2004-2006*. Working paper, Centre for the Study of African Economies, University of Oxford.
- Tendai, C. (2013). "Marketing at the bottom of pyramid: market attractiveness and strategic requirements", *Marketing Intelligence and Planning*, Vol. 31 Issue: 7, pp.764-787.



- The Banking Act (2007). Parliament of the Republic of Ghana - The Banking (Amendment) Act 2007 - Act 738, Parliament of the Republic of Ghana.
- The Economist (2005). Mobile Phone Penetration, Print Edition.
- The Economist (2016). Mobile phones are transforming Africa, Accra and Cape Town. Print Edition.
- Tinker, I. (2003). Street foods: Traditional micro-enterprise in a modernising world. *International Journal of Politic, Culture and Society*, 16(3): 331 – 349.
- Tracy, S. J. (2010). Qualitative quality: Eight “big-tent” criteria for excellent qualitative research. *Qualitative Inquiry*, 16, 837–851. doi:10.1177/1077800410383121
- Trading Economics (2018). The bank lending rate, Bank of Ghana. ([www.tradingeconomics.com](http://www.tradingeconomics.com) Bank of Ghana.
- Transparency International Report (2016). Emerging market companies show low levels of transparency, allowing corruption to thrive, Pressed Release.
- Transparency International (2017). Global Perceptions Index: Transparency International, the Global Coalition against Corruption.
- Transparency International (2014). Global Perceptions Index: Transparency International, the Global Coalition against Corruption.
- Tsamenyi, M., Enninful-Adu, E., and Onumah, J. (2007). Disclosure and corporate governance in developing countries: Evidence from Ghana. *Managerial Auditing Journal*, 22(3), 319-319-334.
- United Nations Development Programs (2008). *Creating Value for All: Strategies for doing business with the poor, growing inclusive markets*, one United Nations Plaza, New York, NY USA.
- United Nations Conference on Trade and Development (UNCTAD) (2008). *World Investment Report, Transnational Corporations and the Infrastructure Challenge*.
- United Nations (2014). *Human development report 2014, sustainable human progress: reducing vulnerabilities and building resilience*. New York: United Nations Development Programme.
- Vachani, S., and Smith, N. C. (2008). Socially responsible distribution: Distribution strategies for reaching the bottom of the pyramid. *California Management Review*, 50(2), 52-84.
- Van Manaen, J. (1979). The fact of fiction in organisational ethnography. *Administrative Science Quarterly*, 24, 539-550.
- Venugopal S., Viswanathan M., and Jung K. (2015). Consumption Constraints and Entrepreneurial Intentions in Subsistence Marketplaces. *Journal of Public Policy and Marketing*.

- Venter, E., Boshoff, C., and Maas, G. (2005). The influence of successor related factors on the succession process in small and medium-sizes family business, *Family Business Review*, 18(4): 283-303.
- Villars, J. (2004). Speech delivered at a workshop of the Ghana investment advisory, Akosombo, 5 June, 2004.
- Visser, W. (2006). Revisiting Carroll's CSR Pyramid: An African perspectives'. In Pedersen and Huniche, 29-56.
- Visser, W., Matten, D., and Pohl, M. (2007). *The A to Z of CSR: An International Encyclopaedia of Concepts, Codes and Organisations*. London: Wiley.
- Viswanathan M., Sridharan S., Gau R., and Ritchie R. (2009). Designing Marketplace Literacy Education in Resource-Constrained Contexts: Implications for Public Policy and Marketing', *Journal of Public Policy & Marketing* 28(1): 85–94.
- Viswanathan M., Echambadi R., Venugopal S., and Sridharan S. (2014a). Subsistence Entrepreneurship, Value Creation, and Community Exchange Systems: A Social Capital Explanation', *Journal of Macromarketing* 34(2): 213–26.
- Viswanathan, M., Sridharan, S., and Ritchie, R. (2010). Understanding consumption and entrepreneurship in subsistence marketplaces, *Journal of Business Research* (63)570-581.
- Viswanathan, M., and Rosa, J., (2007). "Product and market development for subsistence marketplaces: consumption and entrepreneurship beyond literacy and resources barriers", in Jose Rosa, Viswanathan, Ed, product and market development for subsistence marketplaces: consumption and entrepreneurship beyond literacy and resources barriers, in: Cheng Joseph, Hitt Michael, series editors. *Advance in International Management Series*. Elsevier.
- Vodafone Ghana (2009). *Modern Ghana- Ghana Telecom Deal*. Retrieved 2018-03-22
- Warnholz, J. L. (2007). *Poverty reduction for profit? A critical examination of business opportunities at the bottom of the pyramid working paper*: Queen Elizabeth House, University of Oxford.
- Webb, J. W., Kistruck, G. M., Ireland, R. D., and Ketchen, D. J. (2010). The entrepreneurship process in base of the pyramid markets: The case of multinational enterprise/nongovernment organization alliances. *Entrepreneurship: Theory and Practice*, 34(3): 555-581.
- Weidner, C., and Nakata, W. (2012). Enhancing New Product Adoption at the Base of the Pyramid: A Contextualized Model, *Journal of Product Innovation Management*, 29(1).
- Whitney, P., and Kelkar, A. (2004). Designing for the base of the pyramid. *Design Management Review*, 15(4), 41-47.
- Whitney, P., and Kelkar, A. (2015). Designing for the base of the pyramid, *DMI 40<sup>TH</sup> Anniversary Issue* 15(4), 33-41.
- Weiser, J. (2007). Untapped; Strategies for success in underserved markets. *Journal of Business Strategy*, 28(2), 30-37.

- Wolcott, H. F. (1990). *Writing up qualitative research*, Sage Qualitative Research Methods Series, Vol. 20. Newbury Park, CA: Sage.
- Wolf, S. (2004). *Performance and Problems of Enterprises in Ghana*. Department of Agricultural Economics and Agribusiness Working Paper. Accra: University of Ghana.
- Woodward, D., Rolfe, R., and Ligthelm, A. (2014). Microenterprise, multinationals business support, and poverty alleviation in South Africa's informal economy, *Journal of African Business Management*, 15(1), 25-35.
- World Bank (1994). *Adjustment in Africa: Reforms, Results and the Road Ahead*, Policy Research Report, Oxford University Press, London and New York.
- World Bank (2013). *Energizing Economic Growth in Ghana*, Press Release. The World Bank IBRD-IDA
- World Bank Doing Business Review (2015). *Measuring Business Regulations*, IBRD-IDA.
- World Bank (2011). *World development indicators 2011*. Washington, D. C. The World Bank.
- World Bank (2017). *World development indicators*. Last updated: Sep 18, 2017, retrieved February, 2018.
- World Resources Institute (2007). *The next four billion: market size and business strategy at the base of the pyramid*, Washington DC: International Finance Corporation and World Resource Institute.
- Wray, R. (2008). "Vodafone buys 70% stake in Ghana mobile firm". *The Guardian*. Retrieved 2018-03-22.
- Yeboah, T., Owusu, L., Arhin, A., and Kumi, E. (2014). Fighting poverty from the street: Perspectives of some female informal sector workers on gendered poverty and livelihood portfolios in Southern Ghana. *Journal of Economic and Social Studies*, 5(1), doi:10.14706/JECOSS11511.ISSN 1986-8502.
- Yin, K. R. (2003). *Case study research: Design and methods* (3rd ed. Vol.5). Applied Social Research Methods Series. Sage Publications, Inc. U.S.A.
- Yin, R. K. (2014). *Case study research: Design and methods* (5th ed. Vol. 5). Applied Social Research Methods Series Newbury Park, CA: Sage Publications.
- Yoshino, N., and Taghizadeh-Hesary, F. (2016). Major challenges facing small and medium-sized enterprises in Asia and solutions for mitigating them, ADBI Working Papers 564, Asian Development Bank Institute.
- Yunus, M. (2007). *Creating a world without poverty: Social Business and the future of capitalism*, New York, Public Affairs.
- Yusof, Z. A. (2010). *Economic Growth in Malaysia: Some Possible Lessons for Ghana*. Discussion Paper 10/0827. London: International Growth Centre. <http://eprints.lse.ac.uk/36388/>

Zala, L. N., and Patel, N. R. (2009). The rural information centre: A gateway for sustainable development. *SRELS Journal of Information Management*, 46, 179-188.

## **Appendices**

### **Appendix 1**

Letter to participants – Managers of multinational corporations (MNCs)

Dear Sir/Madam,

Organisation / Company / Corporation:

I am a PhD student at the Aston University in Birmingham, the United Kingdom. My research explores: MNCs and local intermediaries at the Bottom/Base of the pyramid (BoP) in Ghana: a fair deal or business as usual?

The first stage of my research runs from May to July 2015. While in Ghana I will be speaking with managers of multinational corporations and micro-businesses who serve the subsistence market. In the former case, I intend to speak with managers of multinationals about their business affairs with local intermediaries in the subsistence market in Ghana. I will be conducting interviews over a 12-week period, beginning on May 1st. Interviews will be carried out by me in English, or they will be carried out by an interpreter and me.

I would be interviewing you as someone who has responsibility for your company's strategy or operations concerning engagement with local intermediaries in the subsistence market. In this interview, you will be asked about your company's and your own involvement in the areas outlined in the previous sentence. The expected time for the interview will be about 60 minutes.

It is up to you to decide whether or not to take part. If you decide to be a participant, you will be given this information sheet to keep and be asked to sign a consent form. If you choose to take part, you are still free to withdraw at any time and without giving a reason.

Your voluntary participation and contribution are very valuable to my research as the findings from this study will improve understanding of the interaction between large businesses and local intermediaries in developing countries of potential benefit for both types of businesses.

Please let me know by responding to this letter (either in English or Twi as I can have your correspondence translated) advising if you wish to participate in this research and, should you wish to participate, please advise if you would prefer the interview be conducted in English or Twi.

Every participant will be kept updated on the progress of my research and will receive copies of my findings. Any information you will share with me will be maintained securely in paper and electronic formats following Aston University's policy on Academic Integrity to fulfill the requirements for the academic audit of research. The information you provide will be used for the sole purpose of this study and resulting academic publications in anonymised form unless express prior consent to use company and person names has been obtained from you and your company.

This study will be used to inform better developing and developed academics, practitioners and policymakers alike of the context for MNCs and local intermediaries' business affairs in the subsistence market in Ghana.

Thank you.

Yours sincerely,

George Obeng Dankwah

.....

Doctoral Candidate

Aston Business School

Department of Economics and Strategy Group

Aston University, Birmingham

B4 7ET

United Kingdom

Tel. [REDACTED]

Email: [REDACTED]

Supervisor:

Professor Stephanie Decker

.....

Aston Business School

Department of Economics and Strategy Group

Aston University, Birmingham

B4 7ET

United Kingdom

Tel. [REDACTED]

Email: [REDACTED]

Dr. Kirit Vaidya

Aston Business School, UK

Email: [REDACTED]

(This letter was provided to individuals in English in Ghana. Note, an email address was not provided as the letter was sent by email attachment or fax.)

## **Information sheet for participants – Interview of MNCs and local intermediaries**

Aston University, Birmingham

Title of study: Multinational Companies (MNCs) and local intermediaries at the bottom/base of the pyramid (BoP) in Ghana: a fair deal or business as usual?

I am George Obeng Dankwah, a PhD student at Aston University (Economics and Strategy Group, Aston Business School, Aston University, Birmingham, B4 7ET, United Kingdom)

You are being invited to take part in a research study on the engagement of MNCs with micro-entrepreneurs in Ghana and how and to what extent the micro-entrepreneurs exploit the opportunities generated by engagement with MNCs to improve their livelihoods.

Before you decide whether or not to take part, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully.

I would like to interview you as someone who is a micro-entrepreneur, owns or has responsibility for making decisions in your micro-enterprise. In this interview you will be asked about your own experience in exploiting the opportunities generated by MNCs and the improvement it has in your livelihood. The expected time for the interview will be about 60 minutes.

It is up to you to decide whether or not to take part. If you decide to take part you will be given this information sheet to keep and be asked to sign a consent form. If you decide to take part you are still free to withdraw at any time and without giving a reason.

Your voluntary participation is very valuable as the findings from this study will improve understanding of the interaction between large businesses and micro-businesses in developing countries of potential benefit for both types of businesses.

Any information you will share with me will be kept securely in paper and/or electronic formats in accordance with Aston University's policy on Academic Integrity to fulfil the requirements for the academic audit of research. The information you provide will be used for the sole purpose of this study and resulting academic publications in anonymised form unless express prior consent to use company and person names has been obtained from you and your company.

This research study has been reviewed and given a favourable opinion by Aston University Research Ethics Committee. If you have any concerns or complaints regarding the way in which this research has been conducted, you can contact the Secretary of the Aston University Research Ethics Committee on [REDACTED]

If you have any queries or would like to be informed of the aggregate research findings, you can contact me on: [REDACTED]

Thank you for taking time to read this information sheet. Now, before we proceed, please read the consent form and if you agree to participate, please tick the appropriate boxes in on the consent form and sign it.

Thank you.

## **Appendix 2.**

### **Interview Guides for MNCs managers and local intermediaries**

#### **A. INTRODUCTION TO RESEARCH**

**Purpose and nature of research:** This academic project, which constitutes the researcher's PhD research, broadly explores the MNCs business affairs with local intermediaries in the BoP market. The purpose of the interviews is to investigate how MNCs interact with the local intermediaries in the BoP market and how local intermediaries examine the MNCs' entry and with what consequences for their living standards. The interviewees of the MNCs will include senior managers who set goals for the company, middle managers who are involved in the day-to-day workings of the companies and first-line managers with responsibilities of engaging with the local intermediaries. The local intermediaries' participants will also include owner-managers of micro businesses.

**Researcher's prior work experience in Ghana:** The researcher has lived and worked in Ghana. Prior to beginning the PhD, he studied and worked for the Ghana Education Service and in the Rural Bank at Sunyani. He was also an owner-manager of a micro business, providing communication (telephone) and other business services to the clients in a rural community.

**Confidentiality:** MNCs' managers and owners-managers of micro businesses will be guaranteed that their names, the MNCs' names and names of their enterprises are kept confidential in any published or unpublished findings to be presented or otherwise.

**Recorder:** An iPad and phone recorder will be used to prevent the likelihood of misquoting the participants. This will enable the researcher to transcribe the interviews to analyse the data of the research.

**Questions for the researcher:** Participants will be inquired if they have any queries they would like to ask the researcher about the research project.

#### **(A) Questions - for managers of MNCs**

- Questions on the participant's position in the company and understanding of relevant concepts:

What is your official position within the company?

What are your role and responsibilities?

How long have you performed this role?

What is your role in relation to the company's engagement with local intermediaries?

Knowledge and understanding of the BoP approach (to be explained if concept not familiar) and how is it practised?

- Questions on the company:

What is the nature of the company's engagement with local intermediaries?



The benefits to the company of engaging with local intermediaries.

How/what does the company benefit in engaging with the local intermediaries?

The challenges faced by the company in engaging with the local intermediaries?

Examples of local intermediaries the company engages with being successful or unsuccessful.

The company's approach to BoP and outline of its BoP activities?

Relationship between engagement with local intermediaries and BoP.

- Questions on adoption of BoP strategies:

The company's motivations in engaging with local intermediaries and the history of engagement.

Whether the company considers the engagement to be successful. On what criteria?

Future plans for engagement with local intermediaries.

The company's motivations in creating or adopting BoP business models.

Future plans for adoption of BoP models.

Whether the reasons for adopting: (a) engagement with local intermediaries and (b) BoP strategies by the company were external or internal. The reasons to be specified.

- Others:

What other benefits you have arising from your role in engaging the local intermediaries in this market?

What difficulties you have arising from your role in engaging with the market?

Any question for the interviewer and additional observation on engagement with local intermediaries and BoP strategies.

## **(B) Interview guide for local intermediaries**

- Questions on the participant's enterprises beginnings, history and understanding of relevant concepts:

When did you start your micro business?

How did you create your business models?

Can you tell me a bit about your micro business?

The main activities of the local intermediaries in their business

Knowledge and understanding of the BoP approach (to be explained if concept not familiar).

- Questions on local intermediaries relations with other MNCs:

Can you describe the nature of your micro business relationships with specific MNCs?

When did you start a relationship with MNCs?

Can you tell me the range of consumer products/services you deal with in the subsistence market?

How long have you been selling these products/services?

Can you tell me whether you have been successful /unsuccessful in selling products/services of MNCs?

Do you purchase the products/services upfront or in what with MNCs?

What are the future plans you have in your relations with the MNCs?

- Opportunity exploitation:

Can you tell me the kinds of support local intermediaries receive from the MNCs?

How local intermediaries use the support?

How has the support/opportunity helped your business and yourself?

What kind of business prospects local intermediaries envisage from the relationship with MNCs?

Do you always perceive or recognise the opportunity created in the BoP market by the MNCs?

How do you transform such opportunity to help your business?

Can you tell me how you use the opportunity created in your business?

How has the microbusiness evolved since the time you recognise and exploit the opportunity generated in the BoP market?

What are your motivations in relating with the BoP market and the MNCs?

Can you tell me whether you get profits/losses from selling products/services of the MNC?

- Perceived self-assessment:

What is your level of education?

What is your background in relating to your microbusiness?

Questions on the family (such as the number of children they had and cared for).

Have been able to send your children to school?

Have you been able to achieve your objectives since engaging or dealing with this?

What do you consider to be your greatest achievement to date and why?

What kinds of projects (such as housing, cars, etc.) do you intend to make and pursue since you started dealing with? By what standards?

Do you feel successful/unsuccessful in your business?

How is your personal status and identity described in your community?

(b) Others:

What other benefits you have arising from your exploitation of the opportunities generated by the MNCs in the BoP market?

What problems you have arising from the company's entry to establish business relations with you in this market?

Tell me how you intend to grow/develop your business

Any question for the interviewer and additional observation on engagement with MNCs in the BoP markets.

### **Questions for discussion with managers of MNCs**

(a)

I. Questions on the participant's position in the company and understanding of relevant concepts:

1. What is your official position within the company?
2. Can you tell me about your role and responsibilities?
3. How long have you performed this role?
4. What is your role in relation to the company's engagement with the BoP market/subsistence market, low-income group and local intermediaries?
5. Knowledge and understanding of the BoP approach (to be explained if concept not familiar), and whether it has any influence in their decision.

ii. Questions on the company:

6. Can you tell me how important the BoP market to your business is?
7. How do your company's products/services get to the final consumers in the subsistence market?
8. How long have the company been relating to the subsistence market?
9. In your own opinion, what kinds of support do the company give to the local intermediaries in the subsistence market?

10. Can you describe the nature of the company's relations with local intermediaries in the subsistence market?

11. What benefits do the company gain in relation to the local intermediaries in the BoP market?

12. What are the challenges faced by the company in engaging the local intermediaries?

13. How do your company recreate existing goods in the BoP market?

14. Can you give examples of local intermediaries in the BoP market the company engages with being successful or unsuccessful? Comment about the profit margin or income local intermediaries' gain from this business.

15. How will you describe the company's approach to the subsistence market and outline of its BoP activities?

iii. Questions on company's relations with local intermediaries:

16. Can you tell me about the relationship between engagement with local intermediaries and BoP market?

17. Do local intermediaries purchase the products/services upfront (cash-on-credit (COD) or credit terms) or are there alternative ways of supplying to them? Information on alternative ways.

18. How do you regard the local intermediaries in BoP market concerning their activities in the distribution chain?

19. How do you assess when local intermediaries take ownership position of the products in question in the BoP market? (Commitment of local intermediaries to products/service and MNC strategy to develop commitment and inform.)

20. Do you have problems in managing the relationship with local intermediaries in distributing the products in the BoP market? If so, mention the kinds of problems.

21. What are the future plans for engagement with local intermediaries?

iv. Opportunity recognition:

22. Can you describe the company's initial entrance in the BoP market?

23. How did you identify an opportunity for business in the BoP market and why did you show interest to enter this market?

24. How did you adopt and implement the opportunity?

25. Did it have any impact in the BoP market as well as the local intermediaries?

26. Can you describe some of the events created as an opportunity in the BoP market by your company?

v. Questions on BoP strategies of the company:

27. What is the company's motivation in investing in the BoP market?
28. In your own opinion, did the company initiate/copy/adapt the business models in the subsistence market and how?
29. How did the company relate to the local intermediaries in terms of creating or copying BoP business models?
30. How did the company create/copy the business models in the BoP market?
31. Can you describe whether the company's BoP business models enable the existing local intermediaries to gain or lose in terms of income?
32. Do you consider your strategies of creating/adopting the business models in the BoP market successful and how?
33. Can you tell me whether the reasons for adopting: (a) engagement with local intermediaries, and (b) BoP strategies by the company were external or internal. The reasons to be specified.
  - (b) Others:
34. What other benefits you have arising from your role in engaging the local intermediaries and generating opportunities in the market?
35. What difficulties you have arising from your role in engaging the local intermediaries and generating opportunities in the BoP market?
36. How well does your company perform in the BoP market in comparison with your competitors?
37. Any question for the interviewer and additional observation on engagement with local intermediaries and BoP strategies.

### **Questions for discussion with local intermediaries/microbusinesses**

(a)

#### **I. Questions on the participant's enterprises beginnings, history and understanding of relevant concepts:**

1. When did you start your microenterprise? (How did you start it? Where did the idea(s) come from? How much finance was required and where did it come from? What other support/help you had – from family or others)
2. Can you describe your microenterprise? (Main activities, most important activity, turnover, whether profitable, whether anyone else involved, location of the business, types of customers, business model).
3. The main problems facing the enterprise.
4. Future plans for the business and possible obstacles to further development.

**ii. Questions on local intermediaries relations with other MNCs:**

5. When did the MNCs enter this market and can you describe the nature of micro business relationships with specific MNCs?
6. Can you tell me whether you have business models used to sell products/services to the consumers before the MNCs came in and how will you describe the models?
7. When did you start the relationship with MNCs? (Direct or through distributors / middle person) and can you tell me the range of consumer products/services of the MNC(s) you deal with in this market?
8. How long have you been creating your own business models to sell the BoP market?
9. In your own opinion, can you tell me whether you have been successful /unsuccessful in selling products/services of MNCs? Comment about your income/profits receives from this business with MNCs.
10. Do you purchase the products/services from MNCs or distributors upfront (COD or credit) or in other (e.g., payment after sales)?
11. What are the future plans you have in your relations with the MNCs?

**iii. Opportunity recognition**

12. How did the local intermediaries perceive or spot an opportunity in the BoP market?
13. When did the local intermediaries identify the opportunity in the market?
14. In your own opinion, how do you assess your progress since you identified the business opportunity and after the MNCs entered the market to do business with you?
15. What kind of business prospects local intermediaries envisage from the opportunity created by MNCs/suppliers?
16. Can you describe the nature of events/opportunities created by the MNCs in BoP Market?

**iv. Opportunity exploitation:**

17. Can you tell me the kinds of support local intermediaries receive from the MNCs or suppliers?
18. How local intermediaries use the support?
19. How has the support/opportunity helped your business and yourself?
20. How do you transform such opportunity to help your business?
21. How has the micro business evolved since the time you recognise and exploit the opportunity generated in the BoP market?
23. What are your motivations in relating with the BoP market and the MNCs?

24. Can you tell me whether you get profits/losses from selling products/services of the MNC?

**v. Perceived self-assessment:**

25. What is your level of education?

26. What is your background in relating to your micro business?

27. Questions on the family (such as the number of children they had and cared for).

28. Have you been able to send your children to school?

29. Have you been able to achieve your objectives since engaging or dealing with this?

30. In your own opinion, what do you consider to be your greatest achievement to date and why?

31. What kinds of projects (such as housing, cars, etc.) do you intend to make and pursue since you started dealing with? By what standards?

32. Do you feel successful/unsuccessful in your business?

33. How is your personal status and identity described in your community?

**(b) Others:**

34. Knowledge and understanding of the BoP approach (to be explained if concept not familiar).

35. What other benefits you have arising from your relationship and exploitation of the opportunities generated by the MNCs in the BoP market?

36. What difficulties you have arising from your role in using the renewed models generated by the MNCs?

37. Any question for the interviewer and additional observation on engagement with MNCs in the BoP markets.

**Appendix 3**

**Consent form – Interviews with MNCs’ managers and local intermediaries**

Title of study Project: Multinational Companies (MNCS) and local intermediaries at the bottom/base of the pyramid (BoP) in Ghana: a fair deal or business as usual?

Name, position and contact address of Researcher:

Mr George Obeng Dankwah, PhD student, Email: [REDACTED]

Please initial box

I confirm that I have read and understand the information sheet for the above study and have had the opportunity to ask questions.

I understand that my participation is voluntary and that I am free to withdraw at any time without giving reason.

I agree to take part in this study.

I agree that the information and opinions I provide for this study may be stored in a secure form and may be used for this study and for future research.

Please tick box

Yes No

I agree to the interview being audio recorded.

I agree to be interviewed for a period of about 60 minutes.

I agree to the use of anonymised quotes and information from the interview in academic publications and reports.

I agree to the use quotes and information attributed to me from the interview in academic publications and reports if permission is sought in advance of publication

Name of Participant

Date

Signature