

MASTER

Partnering up in base of the pyramid (BoP) projects

an overview of the current academic stances and research gaps from literature complemented with insights from BoP practitioners

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Eindhoven, February 2013

**Partnering up in Base of the Pyramid (BoP)
projects | An overview of the current
academic stances and research gaps from
literature complemented with insights from
BoP practitioners**

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**Master of Science
in Innovation Sciences**

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Abstract

Partnerships are of vital importance for the success of Base of the Pyramid innovations projects (BoP). However, engaging successful partnerships is one of the main challenges for multinational companies (MNCs) that are involved in BoP projects. This master thesis aims to reveal the current stance on the BoP partnership practices from the MNC perspective in the BoP literature by conducting a literature review. It aims to identify the current gaps in literature and tries to fill these gaps with complementary insights from strategic alliances literature and BoP professionals. The main findings reveal a bias in the BoP literature research towards the first steps of the partnership process, e.g. identifying valuable partners, engaging partnerships and aligning goals. Many different partners are considered important for MNCs within BoP projects, such as non-governmental organizations (NGOs), local (private) community actors and local authorities. For the alignment of goals building trust, creating shared value, transparency, flexibility, setting metrics and long term vision are important. The literature remains on the surface about the division of responsibilities and tasks, and the management of partnerships, especially in the long run. It comprises mainly prescriptive lessons. There is no attention or consensus on important aspects as the role of the MNC in the long run, the management of shareholders, influence of volatile global and local policies, and adequate monitoring and evaluation techniques. The main lesson that could be learnt from strategic alliances literature is that a mindset change within all partners towards an evolutionary perspective is necessary, in which partnerships should be continuously adapted. The BoP professionals confirm some of the findings of the BoP literature (e.g. vital importance of partnerships, especially with NGOs), but show that there are differences in stance between private and non-profit sector actors. Regarding the gaps, they show that they are aware of the possible negative influence of longer term dynamics and highlight that building trust and transparency is the most important. However, more longitudinal case based research is necessary to learn lessons for the successful management of partnerships in the long run.

Preface & Acknowledgements

Perfectly in line with the rest of my academic career, this master thesis was a master challenge. However, as I love challenges, I was partially responsible for the challenging character, but it was a worthwhile adventure. Although it was not as adventurous as I had in mind when I started this master (e.g. graduating in South America for a fancy international organization), the Netherlands, mainly Ipo office 0.97a, offered me enough adventure to commit myself for seven months to one project.

This graduation project has challenged me to think out of the box, look beyond (my) borders, and turn my weaknesses into strengths. It proved again that there is no single best path for achieving a goal and a more academic literature angle is actually quite adventurous. Besides strengthening the straightforward academic skills, more important, I got acquainted with the supporting academic skills: to set boundaries, plan, continuously adapt, 'network', enthuse the people involved, but also to communicate honestly, handle feedback, ask for help and take rest. These skills have definitely prepared me for the next academic and personal challenges in my life.

This learning process has never taken place without the help of some wonderful people surrounding me. I would like to thank my supervisors, Rob Raven and Henny Romijn, for daring to pick up this challenge in the first place. Without their flexibility, adaptability, faith and endless imagination I would have never graduated. You would be perfect partnership managers ;). In addition, I would like to thank my family for their endless positive energy whether or not wrapped in funny postcards, whatsapps or uplifting phone calls and my father to show me that academic research could actually be fun, as long as I "focus" and believe in myself and. However, the definition of family could be extended to friends: thank you for just being there. A special thanks to Yara, Bregje and Diana, who besides distraction, also contributed to the academic content of my thesis. And to my master thesis friends, who slowed me down when necessary and provided me with a well-needed boost and the help for the other challenges I went through in my master, really appreciated ;). In addition, I would like to thank all the other lecturers, support staff of Ipo and the (company) members involved in my former thesis project, who always stayed interested. At last, I would like to thank all the BoP professionals, who even worked in their Christmas Break to make their contribution to this research, especially André van Wageningen and Stefanie Beninger.

With this master thesis I would like to make the world a little bit better. Both at macro level: to inspire civil society, the private and governmental sector to join forces, as they have complementary resources to create change together; as at micro level, to inspire people to see their limitations as opportunities, be creative and never give up. With these contributions we are one step closer to a sustainable happy world.

Management summary

The Base of the Pyramid approach has urged the private sector, especially Western Multinational Companies (MNCs), to let go of traditional business routines and explore the market opportunities at the Base of the Pyramid (BoP). By serving the poorest parts of the world population, the private sector could simultaneously create profitable business and contribute to poverty alleviation. However, soon it became evident that the poverty challenges cannot be faced by MNCs acting alone. Partnerships with a variety of actors are of vital importance for MNCs to establish sustainable business and to create real social impact. However, establishing partnerships in the BoP is still one of the key challenges for MNCs in BoP innovation projects (BoP Innovation Center, 2012). The BoP context requires extensive collaboration practices, as the mindset of BoP project partners differs widely from those held by traditional business partners of MNCs. In addition, new ways have to be found to establish successful partnerships that lead to both poverty alleviation and profitable business in the long run. These matters are perceived as major challenges for MNCs.

The issue of successful partnering up in BoP projects has not gone unnoticed in the BoP literature. Many differing views on BoP partnerships practices have been developed since 2002 (the year in which the BoP approach was launched for a wider public by Prahalad and Hart). This has led to a myriad of seemingly contradicting views. Therefore this research project aims to provide insights in the current stances on BoP partnership by answering the following research question:

“What are the current academic stances on successful partnership practices in Base of the Pyramid projects and what lessons could be learnt from recent experiences in practice?”

In addition, the findings contribute to the agenda setting of further (research) practices from both the academic and private sector.

Research approach

For this, a thorough literature review on academic BoP literature is conducted to reveal the current academic stances and research gaps. In addition, a selection of strategic alliances literature is reviewed to find complementary insights. Moreover, the validity and relevance of the literature findings on the BoP partnerships are further investigated by conducting a survey study among professionals with experience in BoP projects of different backgrounds. The main findings are highlighted in a short summary in this section. A compact overview of the findings in bullet form is provided in table 6.1, at page 80-81.

The current stance on BoP partnerships

The main findings of the literature review resemble the early character of the BoP literature. There is no consensus among researchers on the conceptualization of the main BoP issues, such as the “BoP market” and objectives of the BoP project. This is partly due to the influence of the volatile context of the heterogeneous BoP regions. Another finding is that the BoP research focus is biased towards the first stages of the partnership process. The literature confirms the vital

importance of partnerships for the success of the BoP project by highlighting that partnerships expand the limits of all partners; provide access to key inputs, which are otherwise unattainable for individual partners; create legitimacy and trust for the BoP project in the BoP; overcome external market deficits in the BoP; and enable the sustainability of the project. For this, the BoP literature identifies a variety of traditional and non-traditional partners, originating from local community, civil society, private and governmental sector to which many unique beneficial capabilities are assigned. Many researchers assign a vital role to non-governmental organizations (NGOs) in the BoP network, because of its local embeddedness in the BoP. The BoP literature focuses on the identification and assessment of partners and stresses the importance of creating trust and shared objectives, when engaging in BoP partnerships. In addition, the majority of the researchers agree that roles and responsibilities should be divided on the basis of shared ownership. During the partnership process it is important to create transparency, be flexible, set metrics and establish a long term vision.

Research gaps in BoP literature

However, there is a lack of attention for the management of BoP partnerships in the long run, which is partly explained by the lack of longitudinal case based research on BoP Partnerships. The majority of the research gaps in the BoP literature center on this issue. Although some mechanisms as sharing control, providing incentives, monitoring & evaluating and facilitating knowledge transfer are discussed in the literature, those remain conceptual lessons. There is no consensus among the researchers on the division of roles and responsibilities in the long run among the different partners. In addition, there is lack of insight in how to manage longer term dynamics, such as the influence of volatile BoP context, the early termination of partnerships or diminishing internal support for the partnership by donors or shareholders. As BoP projects have a long timeframe, it is important to obtain insights in the longer term dynamics of a partnerships.

Lessons to be learnt from strategic alliances literature

The strategic alliances literature provides more insights into partnership practices, as it is a more mature research strand. The most important lesson that could be learnt is that partnerships should be managed from an evolutionary perspective. During the whole partnership the mindset should be that of continuous adaptation, e.g. of partnership objectives, the strategic function within the organization and M&E indicators. Learning, within the partnership, within the individual partner organization, and from other BoP projects, is of vital importance. In addition, transparency in objectives and responsibilities should diminish risks and contribute to the continued support of shareholders and donors to the project. However, it is more difficult to learn specific lessons from the strategic alliance literature, as its core focus does not incorporate (yet) partnerships with nontraditional, less experienced BoP partners, at which the volatile informal economy puts pressure on the partnerships.

Lessons to be learnt from BoP professionals

The insights from BoP professionals do not have that “translation problem”. However, they highlight the context and project-specific character of BoP partnerships, which hampers the learning of general lessons for partnership practices. Though, the insights of the BoP practitioners

provide complementary findings for the BoP literature gaps. They show that there is no overly optimistic view on partnerships in practice, as practitioners are aware of the possible dynamics, such as diminishing shareholder support, later on. To diminish the negative influences and make partnerships more successful trust building is the most important, followed by creating transparency and oversight, mutual interest within objectives and sharing ownership. However, challenges remain in the creation of support for monitoring & evaluation (M&E) practices among partners, besides the MNC. The survey results highlight some best practices:

- To create internal support of donors and shareholders, ties with the higher management within the organization are required (confirming insights of strategic alliances literature);
- MNCs should remain actively involved in the project, although in which role is not clear;
- Earlier experience enhances the partnership capabilities. Learning should be supported by knowledge sharing and standardization processes, such as the creation of protocols and manuals;
- KPIs and feedback mechanism of traditional business projects could be used as starting point for M&E in BoP projects. Especially the private sector respondents assign high value to M&E. Challenges remain in creating support for M&E among local partners;
- Financial incentives, stakeholder meetings and integrating the BoP project into strategic decision making would benefit the enforcement of M&E.

Recommendations for further research

However, some literature gaps remain open. Therefore, some recommendations are made for further research. More longitudinal case-based research is needed on the management of longer term dynamics. Especially, the factors that determine the optimal position (i.e. responsibilities and roles) of BoP partners in a BoP network over the long run are important to research. In addition, insights should be created in how to measure the success of partnerships in terms of social impact. For this, monitoring and evaluation techniques should be designed that are able to measure performance in financial, social and environmental dimensions. The findings have highlighted the importance of learning in BoP partnership practices (e.g. learning from past experiences and acting upon M&E results). Therefore, BoP practitioners are urged to share knowledge on best and failed BoP partnership practices.

This thesis research has aimed to provide a starting point for further (longitudinal case-based) research in order to create insights in success factors of BoP partnerships that contribute to the overall success of the project. In addition, it has aimed to provide insights in the partnership challenges, so that BoP project departments of MNCs are better prepared on the longer term dynamics when engaging in BoP partnerships.

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List of abbreviations

BoP	Base/Bottom of the Pyramid
CSR	Corporate Social Responsibility
FDI	Foreign Direct Investment
KPI	Key Performance Indicator
MNC	Multinational Company
MNE	Multinational Enterprise
M&A	Mergers and Acquisitions
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
PPP	Public Private Partnership
PPP	Purchasing Power Parity
R&D	Research and Development
SME	Small and medium-sized enterprises
UN	United Nations

Chapter 1 | Introduction

“...Urges the EU, other aid donors, authorities in partner country and local and international private actors in developing countries to explore possible areas of cooperation for sustainable development, in order to maximize the contribution of business activities to achieving development goals.”

*23.1.2013 European Parliament Opinion
of the Committee on Development
for the Committee on International Trade
on Trade and investment-driven growth for developing countries
(2012/2225(INI))
Rapporteur (*): Alf Svensson
(* Associated committee – Rule 50 of the Rules of Procedure*

There is a call for greater involvement of the private sector in sustainable development. Besides the European Parliament, also state governments have taken steps to involve the private sector in the development sector. For example, the Netherlands have integrated parts of the Ministries of Foreign Affairs with the Ministry of Development Cooperation in one ministerial post for Foreign Trade and Development Cooperation in 2012 (Government of the Netherlands, 2013). These initiatives show an increasing entanglement of social and economic interests stimulating the private sector to incorporate social objectives into their strategic goals.

S.L Hart and C.K Prahalad answered to this call already ten years earlier, when they launched the concept of Base of the Pyramid (BoP) innovation projects in 2002. This concept is based on the fact that the BoP – the part of the world population that earns less than \$2 a day – could be a business opportunity for Western multinational companies (MNCs). MNCs could create market based models that offer solutions to the challenges of global poverty at the same time. In this way a win-win situation is created in which the private sector is able to contribute to poverty reductions, while making profit. In addition, MNCs would possess unique technological capabilities to create innovative marketable solutions for the BoP market, which provides them with a competitive advantage in a new large market (Kistruck, Webb, Sutter, & Ireland, 2011). Another pushing factor for MNCs is that the developed economies’ market is slowly becoming saturated, which forces MNCs to look beyond the western boundaries for new market potential. So, the BoP could offer long-term business opportunities for companies.

However, soon it became apparent that the private sector could not alleviate poverty by itself. Although they have access to valuable business resources such as capital and global distribution networks, MNCs lack the resources to create social impact in a seemingly closed informal market. MNCs need to partner up with non-traditional partners in order to open up the BoP market and alleviate poverty. This is part of the reason why the European Parliament urges the private sector

to explore possible areas of cooperation with the EU, other aid donors and authorities in partner countries (European Parliament, 2013). Cross sector cooperation would provide a solution for both the resource constraints that the development sector encounters in alleviating poverty, as well as the lack of trust and legitimacy the private sector experience when entering the BoP market. According to many researchers, partnerships are of vital importance for the success of BoP projects (London & Anupindi, 2012).

However, cooperating with non-traditional partners is not an easy solution. Establishing partnerships in the BoP is still one of the key challenges in BoP innovation projects (BoP Innovation Center, 2012). The BoP context requires extensive collaboration practices, as the mindset of BoP project partners differs widely from those held by traditional business partners of MNCs. MNCs have to select the optimal partners from a pool of actors, ranging from nongovernment organizations (NGOs), the government sector, community based organizations (CBOs), to local private parties. In addition, they have to find ways to establish successful partnerships that lead to both poverty alleviation and profitable business in the long run. Based on experiences from development projects, it is expected that partnerships will be subject to negative longer term dynamics, which are difficult to manage (Uphoff, Esman, & Krishna, 1998). This is perceived as a major challenge for MNCs.

1.1 Research objectives & questions

The issue of successful partnering up in BoP projects has not gone unnoticed in the BoP literature. Differing views on these BoP specific collaboration practices have evolved over time since the first BoP publications in the early 2000s (Hart, 2007; Chaurey, Krithika, Palit, Rakesh, & Sovacool, 2012). Current debates in the BoP literature and BoP practices on the ground are ambiguous and do not provide straightforward answers. In order to create insights into the academic views and real-life practices, this graduation project aims to provide an overview of the current stance on BoP partnership practices in order to learn lessons for successful partnership practices. For this, a thorough literature review is conducted on academic BoP literature. The focus is on the selection process of partners, their contribution, and the management of partnerships, especially their longer term dynamics. Insights in the partnership management process could lead to successful BoP partnerships practices which enhance the success of the BoP project it belongs to. In addition, this research project is targeted to establish the current research gaps regarding BoP partnerships in the BoP literature. With the help of strategic alliances literature and insights from BoP professionals it is aimed to fill these research gaps. With these insights theoretical and managerial implications can be formulated regarding partnering up in BoP projects. In this way this research creates insights in the establishment and management of successful partnerships in BoP projects.

This leads to the following research question:

“What are the current academic stances on successful partnership practices in Base of the Pyramid projects and what lessons could be learnt from recent experiences in practice?”

The aim of the research question is threefold: to establish the current academic stance on BoP partnerships; to identify the research gaps in BoP partnership practices in the BoP literature; and to complement the research gaps with insights from strategic alliances literature and practice.

For this the following sub questions are used:

1. *What are the BoP concepts regarding partnerships and how are they defined in the academic BoP literature?*
2. *What are the academic underpinnings of the BoP approach?*
3. *Which actors are identified as potential partners for BoP projects and which roles are they contributing to the BoP project in the academic BoP literature?*
4. *How are partnerships between the MNC and external parties designed and managed in the academic BoP literature?*
5. *What are the current gaps in the academic BoP literature regarding BoP partnership practices?*
6. *How can insights from strategic alliances literature complement the academic BoP literature?*
7. *How can insights from practice complement the BoP academic literature?*

Together these questions provide thorough insights in the current stance on BoP partnership practices. On the basis of these insights theoretical implications are derived with recommendations for further research. In addition, managerial implications are teased out for MNCs that are active in BoP projects.

1.2 Research justification

Both the societal and scientific relevance have already been briefly discussed in the previous sections.

Societal relevance

Cross sector partnership with private actors have gained increasing attention in the different sectors of society. Both the private sector and the non-profit sector assign significant advantages to partnerships with non-traditional partners. They are considered to be of vital importance for sustainable development (European Commission, 2013), a field that requires multidisciplinary knowledge in order to reach its social, economic and environmental goals. Non-traditional partnerships could expand the limits for each individual partner and thereby create shared value for all stakeholders involved (Porter & Kramer, 2011). So cross sector partnerships are deemed to be of great value in the field of sustainability.

BoP partnerships are a great example of cross sector partnerships that aim to trigger the individual partners to step out of their organizational boundaries in order to create sustainable development. Almost 1.3 billion people live in deep poverty with an income of US\$ 1.25 a day or less (World

Bank, 2013). In a globalizing world with powerful MNCs there is an increasing pressure on MNCs to take corporate social responsibilities (Kistruck et al., 2011). It is therefore important to research if and how BoP partnerships could contribute to the success of BoP projects that aim to fight poverty by creating employment and local development and providing access to the products and services that cover basic needs.

Scientific relevance

As the role of BoP partnership is going to be increasingly important for the sustainable development of BoP regions, it is important to gain insights in the success factors of these partnerships. This master thesis research contributes to the understanding of successful partnership practices in BoP projects. By providing an overview of the current gaps in the BoP literature and linking them with insights from practice, it fulfills an agenda setting function for both research and practice. The research gaps guide further BoP partnership research and provide input for round table meetings about BoP partnership practices for BoP practitioners.

In addition, this research contributes to a deeper theorization of BoP projects. The theoretical underpinnings of the BoP concepts and literature are often questioned by researchers (e.g. Karnani, 2007). The literature review of the academic BoP articles within this research provides a clear overview of the current academic stance on BoP partnerships. It provides insights in the most important academic strands that are already or should be linked to the BoP literature.

A third contribution is to derive lessons from BoP partnerships that can be of value to other cross-sector partnerships as well. This research provides insights in collaboration practices under high uncertainty due to differences in institutional background of the BoP partners and pressures from a volatile and/or unpredictable context. Uncertainty is also not uncommon in other cross-sector partnerships.

1.3 Research scope

The findings of this master thesis research are based on a carefully selected sample of academic BoP literature and the insights of a selection of BoP professionals from the field. The thesis focuses on partnerships in BoP projects in which an MNC from a Western or developed country is involved, and takes the perspective of this “lead” firm while analyzing the management practices of BoP partnerships. It aims to establish more general lessons for MNC partnerships practices, instead of focusing on one specific BoP partnership type, as public-private partnerships (PPP).

1.4 Research methodology

This thesis is based on an iterative research methodology, which means that has been open for adaptation along the research process. This is due to the “grounded theory character” of the academic BoP literature framework, on which this thesis is based. The BoP theory or approach is

mainly based on bottom up, grounded theory research, as it is difficult to apply a specific theoretical framework to it.

The master thesis is based on two different data collection processes: an extensive literature review and a survey among BoP professionals. They provide a complementary perspective on the current stance and research gaps of partnership within BoP projects. Moreover, the literature findings could be compared with the recent experiences of the BoP professionals. The findings informed the design of the survey among the BoP practitioners. In this way the latter could serve as a preliminary validation of the issues thrown up through the literature search. The relations between the different research parts are provided in a flow chart of the master thesis process (see figure 1.1). This scheme also provides an overview of the methodologies used. In order to enhance the readability and structure of the thesis, the details of the methodologies have been embedded in the remainder of the report. At the beginning of each chapter, the relevant methodology is explained in detail. This enables the reader to interpret the data with the methodology still vivid in their memory and supports the narrative structure of the report.

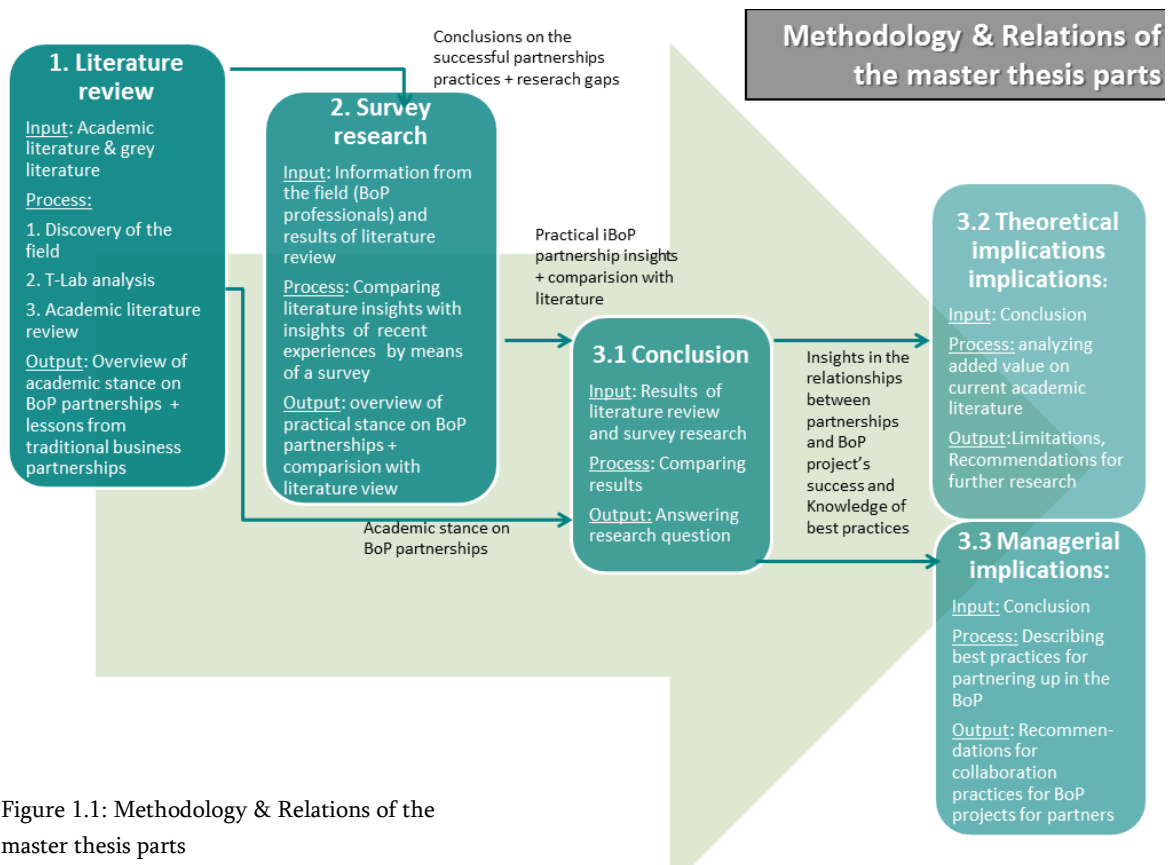


Figure 1.1: Methodology & Relations of the master thesis parts

1.5 Readers guidance

The thesis takes the reader on a journey, “a research journey to uncover the current stance on BoP partnerships”. After the introduction the current stance on partnership practices within BoP projects is analyzed from a literature point of view in part 1. This literature review is divided into

three chapters. It starts with describing the first literature insights based on a T-Lab analysis in which the content of a selection of BoP literature is analyzed objectively (Chapter 2). This is a content analysis software package that analyzes texts without predefined coding schemes. Therefore, its results can broaden the focus of attention of the researcher, which can guide the more in depth literature review on BoP literature that is to follow (Chapter 3). The third chapter comprises the findings of an extensive literature review, in which different BoP literature sources – both academic and non-academic – are analyzed in more detail. The aim of the third chapter of the literature review is to both highlight the current stance of partnership practices of MNCs in BoP projects, and to distill current gaps in the literature. These gaps provide input for the last part of the literature review. This part (chapter 4) aims to establish whether lessons could be learned from non-BoP literature for BoP partnership practices. It comprises a review of a selection of literature on strategic alliances.

The literature findings together give input to the second part of the research: the survey research. Based on the outcomes of the literature review a survey is designed for professionals that are active in a BoP project. In chapter 5 it is aimed to confront the literature findings of part 1 with recent experiences from these practitioners and to fill the research gaps with complementary knowledge from recent practices.

The goal of the concluding chapter (chapter 6) is threefold. First, it summarizes and combines the results from both the literature findings and the practitioners' survey. Second, it discusses theoretical insights arising from these results and provides recommendations for further research. Third, it aims to come up with managerial implications for the BoP project management by MNCs.

Part 1: Literature review

“During the past decade an increasing number of researchers have addressed the issue of base of the pyramid (BoP) projects. Within that research a large role is ascribed to the multinational company (MNC), an organization that would possess the particular business resources to reduce poverty by innovating for the poor and providing access to products and services to them (Prahalad, Hart, 2002). However, soon it became clear in practice that MNCs are not able to operate individually in the BoP, due to the new (market) circumstances they are unfamiliar with. They need to become embedded in the local BoP context (Hart, 2007). For this, other actors that have more experience and legitimacy in those non-traditional markets should be included in the value chain, both as consumer and producer. With this shift to an inclusive business perspective, also came a changed stance on partnerships in academic literature.”

Outline Part 1

This literature review aims to create an overview of the current stance on partnerships in BoP projects and highlight the current research gaps in the design and management of partnerships. By analyzing general business literature, it also aims to extract lessons for partnership practices from traditional business partnerships. Three types of analyses are conducted.

- A T-Lab analysis to gain first insights on partnerships in the BoP literature (Chapter 2)
- An extensive literature review on a selection of academic and non-academic BoP articles and books to identify the research gaps on successful partnership practices (Chapter 3)
- A literature review on business literature focused on strategic alliances and cross partnerships to extract lessons from traditional business partnership (Chapter 4)

The relation between the different chapters is illustrated in figure 2.1.

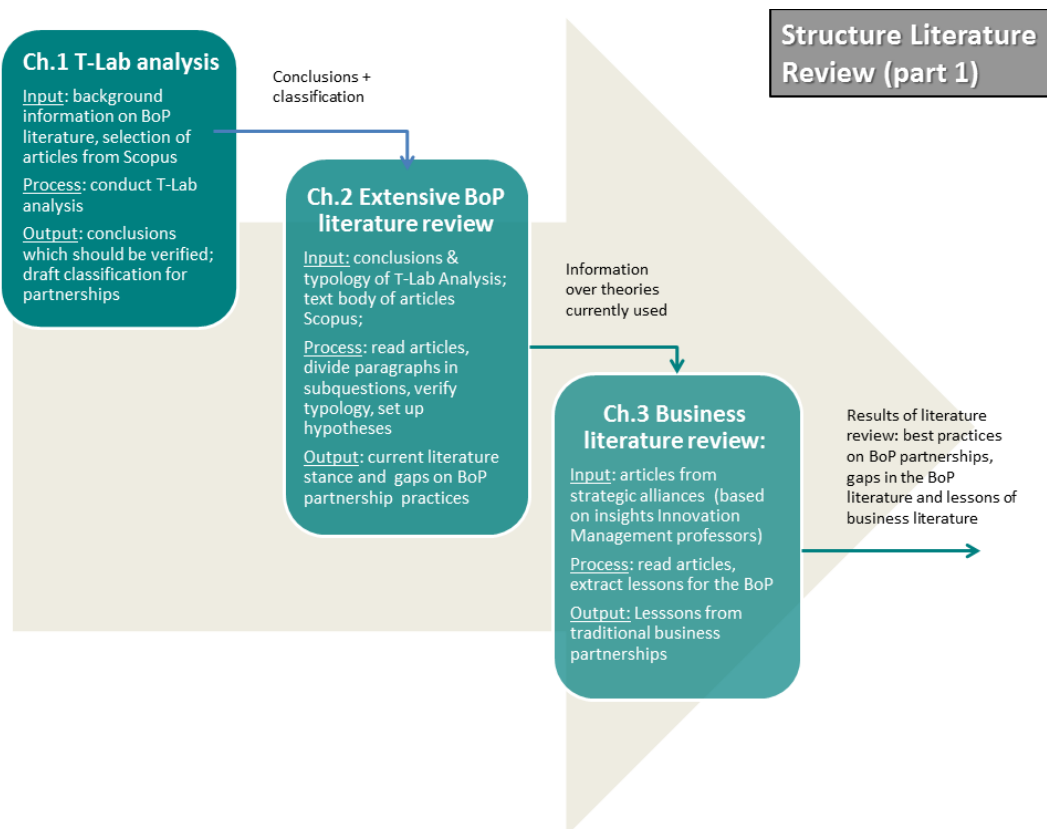


Figure 2.1: Structure of part 1 literature review

Chapter 2 | T-Lab analysis

A first Google (Scholar) search on “BoP projects” and “partnerships” reveals a variety of the major issues and debates surrounding BoP and partnerships. Many strong, but differing views are represented within the BoP literature, which makes the conclusions of the researcher strongly dependent on the specific article that is read. This chapter aims to overcome this researcher bias, by using an academic search engine for the selection of articles and a content analysis software package, T-Lab, for the reviewing. T-Lab systematically analyzes the literature without predefined coding schemes. Therefore, its results can broaden the focus of attention of the researcher in further literature research. In this chapter, the most important findings from the T-Lab analysis are highlighted and used as a starting point for a thorough literature review (Chapter 3).

2.1 Methodology

A T-Lab analysis is a content analysis software package that is able to extract inductively discourse structures and its dimensions as occurrences and themes from literature sources (Sengers, Raven, & Vernooij, 2010). “It produces maps that represent text content, whether single texts or several texts being compared (similarity and dissimilarity)” (Lancia, 2002). With T-lab relationships between linguistic elements can be revealed, which create more insight in the academic debate around partnerships. For a full description of T-Lab and how it works, please visit www.mytlab.com.

2.1.1 Sample Size for text corpus

As a first search for BoP literature reveals a gray area of sources about BoP, which are not purely academic (as UNDP, 2008; BoP Innovation Center, 2012), the level of reliability of the sources is not always simple to determine. In order to draw trustworthy academic conclusions from a literature study it is important to select reliable sources. Therefore, only academic sources are selected by using the academic search engine Scopus. Scopus provides access to the largest abstract and citation database of peer-reviewed literature and covers both scientific, technical and social sciences literature as conference papers (Scopus, 2012). A first selection is done with the following searching queries:

(TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid")) (1)
 ➤ Document results: 365

As the focus of this research is on partnerships in the BoP, further selection is done using the queries ‘partnership’ and its synonyms and closely related words. ‘Business’ and ‘market’ are added to ensure that the articles are dealing with a BoP project and not with a ‘conventional’ development project targeting the BoP. After different trials (see Appendix A1) the final selection is as follows:

```
(TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(network OR partner OR partnership OR collaboration OR alliance OR cooperation OR cooperate OR "joint venture") AND TITLE-ABS-KEY(market OR business)) (2)
➤ Document results: 91
```

While analyzing the document results, one article appeared that was named twice in the list (nr. 24 and nr. 26), so one of these was removed. This resulted in 90 articles in total (see Appendix A2).

2.1.2 Creating the corpus

T-Lab requires a special format of the articles to perform an analysis, the corpus. The articles are all transformed to the same format (.txt) and tables are left out. In addition, both an identity number (01-91) based on their publication date and two variables are added: “year of publication”, and “type of journal” in which the article is published. The categorization of journal types can be found in Appendix A3. With this text file, two different corpi are created:

1. A list of the abstracts and titles of the articles (90 articles)
2. The whole text body (Full text) of the articles (75 articles, due to unavailability of whole texts of 15 articles)

It is expected that the second corpus would reveal more detailed results.

2.1.3 Methods of analysis

After the corpus of the abstracts is inserted in the T-Lab program and the adaptations are made to the corpus (see Appendix A4), the three functions of T-Lab are used for the analysis:

- a. Analysis of frequencies
- b. Word mapping
- c. Thematic cluster analysis

The most important results are incorporated in the main text below, the remainder could be found in the Appendix A5. These comprise the complete T-Lab analysis on the abstract and whole text bodies.

2.2 Results

Both a T-Lab analysis on the abstracts as well as on the full text of the articles is conducted, with the idea that the latter analysis would provide more thorough insights. However, the results appear to be quite similar, which indicate that the content of the articles is well represented in the abstracts. To avoid replication in this section only the key results of the T-Lab analyses of the abstracts are discussed. The full analyses can be found in the Appendix A5.

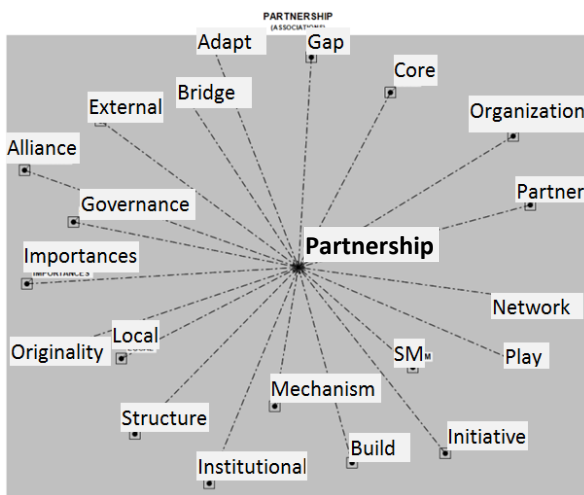
2.2.1 T-Lab analysis on abstracts | Occurrence analysis

The occurrence analysis provides insights in the composition of the text file. From the 2543 lemmas (words or often occurring word groups) "market" is identified as the most frequently used lemma (221) and is together with "BoP", "business", "development", and "social" among the top five, representing the main subjects of BoP (see table 2.1). A check of the list reveals that the lemma "market" is a generic term for the lemmas: "market", "marketing", "markets" and "marketed", which explains why "market" has the highest occurrence rate. Unfortunately this cannot be changed manually, although marketing (45) would be rather seen as a separate lemma. In addition, "market" and also "BoP" are search terms for the Scopus article selection. This should be taken into account when drawing conclusions.

Lemma	Occ.rate
Market	221
BoP	153
Strategy	84
Innovation	52
Company	45
Model	42
Understand	39
Challenge	36
Partnership	29
Network	28
Role	27

Table 2.1: Lemmas with the highest occurrence rate in BoP literature

2.2.2 T-Lab analysis on abstracts | Co-occurrence analysis

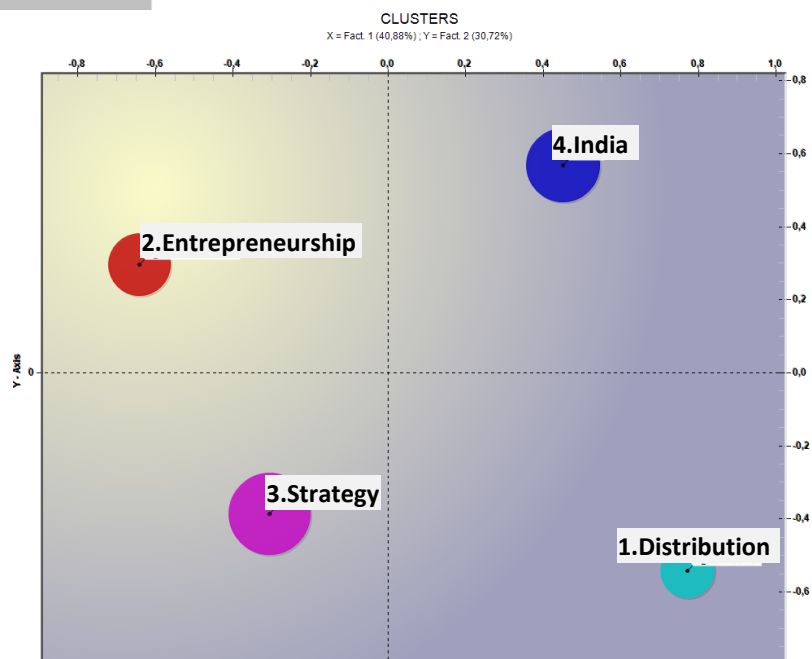


A co-occurrence analysis identifies the most important word associations that are made with the key lemmas of the corpus. For the thesis, it is interesting to see what associations are made in the literature with the lemma "partnership" (see figure 2.2). This creates insight in the way researcher's position partnerships in BoP projects in the literature.

Figure 2.2: Word association map of "Partnership"

2.2.3 T-Lab analysis on abstracts | Thematic analysis

A thematic analysis partitions the context into clusters, to which it can assign a theme label. As the main topics of analysis are "base of the pyramid", "bottom of the pyramid", and "bop", it would make sense that these would form the main clusters, leading to obvious results. Hence, these lemmas are disregarded, resulting



in the following clusters (see figure 2.3):

- Cluster 1: Distribution
- Cluster 2: Entrepreneurship
- Cluster 3: Strategy
- Cluster 4: India

To obtain more insights in the composition of the clusters T-Lab produces a list of the lemmas that belong to every cluster (based on their chi square value). Table 2.2 provides a snapshot of this list.

	Cluster 1: Distribution	Cluster 2: Entrepreneurship	Cluster 3: Strategy	Cluster 4: India
1	distribution	entrepreneurship	strategy	India
2	Mobile	empowerment	structure	technology
3	price	human	violences	develop
4	engineer	practise	ethic	rural
5	consumer	agent	system	energy
6	franchising	investigate	global	local
7	product	right	area	electricity
8	behaviour	context	adapt	year
9	low	tool	Latin	economy
10	operator	alleviating_poverty	Masisa	emerge
11	tariff	qualitative	notion	healthcare
12	characteristic	Bricolage	management	country
13	phone	managerial	company	farmer
14	lower	transformation	_SOURCE_ETHICS	Investments
15	aware	case	community_level	site
16	need	entrepreneurial	underserved	people
17	access	business	implication	diffusion
18	cost	additionally	strategic	mass
19	socially	asia_pacific	dimension	remain
20	adopt	better	heart	wireless
21	response	dialogue	Microfranchising	pyramid

Table 2.2: Characteristics of the clusters

2.3 Interpretation of results

The T-Lab analysis has provided some insights in the lexical structure of the BoP literature. In this section the results of the T-Lab analysis are analyzed and conclusions are drawn. The relevance and importance of these findings will be explored further in the practitioners' survey.

2.3.1 Occurrence & co-occurrence analysis

The occurrence and co-occurrence analysis represent the main topics of the BoP literature and confirm the importance of main subjects as “market”, “development”, “challenge”, and “innovation”. There are no specific “partnership-related” lemmas in the top ten, but “network” and “partnership” do occur often (top 50). Despite these general findings some first interpretations can be made. The findings show a network oriented focus in the BoP literature, as words as “umbrella”, “understand”, “poor” and “share” are often used in combination with “BoP”. The word

“network” is often related to “inclusion”, “open”, “resource” and “partnership” in the literature. Often related to “partnership” are the words “external”, “local” and “network”, which targets at a broad network of partners that is discussed in the literature. In addition, associations such as “governance”, “build”, “adapt”, and “mechanism” show the importance of the underlying structure of the partnership. However, specific partner groups, such as NGOs or entrepreneurs, are missing in the associations list, which could point to a more general discussion on partnerships in the literature instead of specific theories or perspectives on which partners to include or highlight. The associated word “gap” could indicate that more research should indeed be conducted. In addition, the results unveil a focus on evaluation in the strategy, as words as “assessment”, “community level”, “impact” and “adapt” are closely related to “strategy”, targeting at a longer term perspective. Interesting are the associations that are made with the lemma “challenge”. The associations “meet”, “microfinancing”, “manage” and “adapt” could indicate a challenge of formulating and managing a business model for BoP projects. It would be interesting to research which specific actors these challenges are linked to, and what is proposed in literature to overcome these challenges. The lemmas “affordable” and “alternative” are associated with “model”. These are also interesting subjects for further research.

2.3.2 Thematic analysis - classification

The thematic analysis leads to more conclusions, as the clusters could serve as a classification for the BoP literature. Four core clusters are extracted from the BoP literature: “distribution”, “entrepreneurship”, “strategy” and “India”. At first sight these clusters do not seem to be closely related to partnership practices. However, when analyzing in more detail, some links to partnerships could be made.

- *Cluster 1. Distribution:* The theme “distribution” describes the role partners could have in the supply chain of BoP innovations. The word list of the theme show the words “aware”, “access” and “adopt”, but is also targeted towards the business characteristics of a project with “franchising”, “price” and “cost”. This represents the added value that the inclusion of (local) partners could have for the distribution process of BoP innovations, as they could create access to the consumers, are aware of the local needs and support the awareness and adoption. This contributes to the project’s success.
- *Cluster 2. Entrepreneurship:* Also the second theme “entrepreneurship” could be analyzed in the light of partnerships. The name of the cluster already highlights the importance of entrepreneurial spirit in BoP practices. Words that are part of the theme, such as “empowerment”, “context”, and “dialogue”, indicate the importance of including actors and the (local) context, but also of creating social impact (empowerment). This cluster takes a more social perspective.
- *Cluster 3. Strategy:* The third theme “strategy” focuses on the social challenges from the perspective of the firm (strategic perspective). Words as “violences”, “ethic”, and “underserved” could imply a struggle between ethics and business in BoP practices. This cluster focuses more on the role of partnerships in the social challenges, and then especially the role of the business sector (indicated by the words such as “management”, “community level” and “adapt”).

- *Cluster 4. India:* The last cluster “India” is remarkable as it is very specific, targeting at a country. This could indicate that India is an important country for BoP projects, most likely as a country in which lots of BoP projects take place. However, cluster names are not determining the whole cluster, as they solely represent the word that occur the most. The other words that are related to the cluster are partly technology related, such as “energy” and “electricity”. Others are more focused on the local community. This indicates a technological, community perspective.

These clusters are also placed in a grid with two axes (see figure 2.3). Together the clusters axes explain 71,60% (x=fact 1 (40,88%); y=fact 2 (30,72%)) of the variance in and between clusters. Each of the four clusters is located in a different quadrant. The X-axis could be interpreted as follows. At the left side, the clusters “entrepreneurship” and “strategy” are located. Those aspects seem to comprise more social/ human words, such as “empowerment”, “alleviating poverty” and “ethic”, targeting at the social challenges that need to be addressed in a BoP project. The right side is more technology focused, containing technical words such as “mobile” and “electricity”, aiming at the market opportunities that exist in the BoP. On the vertical axis, the clusters “India” and “entrepreneurship” are placed in the upper half, whereas “strategy” and “distribution” belong to the lower side. Looking into the characteristics of the clusters, the y-axis could explain a more

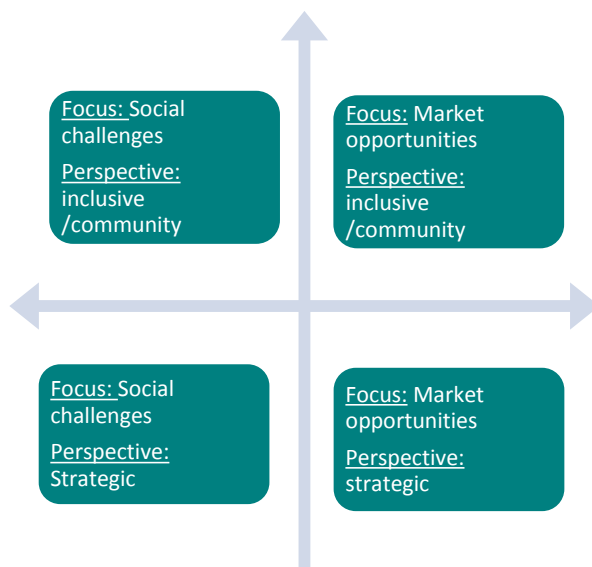


Figure 2.4: Classification of partnerships resulting from T-Lab analysis

vs. market opportunities perspective (x-axis) and bottom up inclusive vs. top down corporate approach (y-axis) (see also figure 2.4). Important to note is that the thematic analysis of the T-Lab analysis on the full texts shows similar results regarding the emerging themes. The results support this interpretation of the axes.

When researching the texts in more detail some quotes seem to support the trade-offs. Arora and Romijn (2012, p.485) state, that “in 2004, a best-practice manual called the BoP Protocol was launched, and since then, the manual has already seen a major overhaul as it evolved from the initial top-down model of selling-to-the poor to one based on bottom-up business co-venturing”. This targets at a shift from strategic top-down approaches to inclusive bottom up approaches. This

bottom up community (positive) vs. top down strategic approach (negative values). The cluster “India” contains the words “local”, “rural”, “emerge”, “farmer”, and “mass”, which could indicate a more bottom-up focus. Also the words of the “entrepreneurship” cluster characterize a bottom up approach, as “agent”, “context”, and “dialogue”. The clusters “strategy” and “distribution” contain more top down terms from a corporate business perspective, as “access”, “adopt”, “management”, “global”, and strategic”. So, the meanings that could be assigned to the factorial axes are social challenges

is discussed by several researchers (e.g. Gardetti & D'Andrea, 2007; Halme, Lindeman, & Linna, 2012). However, other researchers stress that both bottom-up and top-down approaches are necessary for sustainable business growth and poverty alleviation in the BoP (Tukker et al., 2008). Regarding the other trade-off, Arora and Romijn discuss that inequality limits the economic opportunities, so the social challenges should be addressed, before the poor can seize opportunities. “Global markets and (inter-)national political developments may provide opportunities for successful ventures involving the poor, but more often they may end up creating new vulnerabilities” (Arora & Romijn, p.489). This addresses the negative externalities that seizing business opportunities would have for the social well-being of (at least, certain segments of) the BoP. Also Schuster and Holtbrugge (2012, p. 825) show that “Companies’ actions include taking social responsibility for the market they are operating in, investing in local capacity as well as creating business and employment opportunities for the BOP-population”.

However, more research is necessary to find out whether these trade-offs could be translated into a specific classification in the BoP literature. This could be a suitable ordering for the focus of the different BoP articles, or a classification of BoP projects (some are focused on social challenges from a strategic perspective, whereas other projects look at the market opportunities from a community perspective. However, as all the BoP literature is selected on a focus on partnerships and networks, it is worth researching whether these axes could also serve as a typology of partnerships that occur in BoP projects. Within a BoP project there are several partnerships needed. Some are focused on seizing the market opportunities for strategic purposes of the project. Other partnerships, for example with the local community, have the objective of creating social impact by creating a platform among the local community, so more from a social challenges community perspective.

2.4 Conclusion

The T-Lab analysis on the abstracts has revealed some first insights in the BoP literature on partnerships. It shows the general profile of the BoP literature and confirms the importance of often identified issues in the BoP, such as business models, strategies and social challenges. In general, a strong emphasis is placed on the people part and to a lesser extent on the profit part of the triple bottom line, while even less results of the T-Lab analysis address the planet aspect. Further research should confirm this absence. The results also reveal a network oriented view by highlighting the importance of adaptation, sharing, and bridging. It is remarkable that the word “trust” is identified nowhere as a significant lemma, though the first Google search for BoP partnerships at the start of this thesis project has indicated that “trust” would play an important role in a BoP project. At last, the clusters identified by T-Lab reveal an interesting grouping. It should be researched further whether this grouping could be used as a classification in the BoP literature, for example for the focus of BoP projects, or for the type of BoP partnerships. Further literature review should point this out by researching the potential role of partnerships in BoP projects.

Chapter 3 | Academic literature review

The results of T-Lab analysis have provided some first insights in the notion of partnerships in BoP projects. This chapter further researches the insights on BoP partnership practices in the literature. It presents an overview of the current stances of partnership practices of MNCs in BoP projects. The results are divided into four sections which are based on the following sub questions:

1. *What are the key BoP concepts regarding partnerships and how are they defined in the academic BoP literature?*
2. *What are the academic underpinnings of the BoP approach?*
3. *Which actors are identified as potential partners for BoP projects and which roles are they contributing to the BoP project?*
4. *How are partnerships between the MNC and external parties designed and managed?*

For this purpose, a firm perspective is used, which means that the partnerships are observed from a corporate perspective. The aim of the chapter is to unveil current gaps surrounding partnership practices in the literature from the MNC point of view, which are highlighted in the interpretation section. These gaps provide the input for the last part of the literature review, lessons from traditional business partnerships that MNCs engage in (chapter 4).

3.1 Methodology

This literature review builds upon the carefully selected articles from Scopus that were included in the T-Lab analysis (see section 2.1.1). A narrower selection is now made from this set, based on the title and the abstracts, as not all ninety articles appear to contain relevant information. Finally, twenty three articles from this Scopus selection are selected for in-depth research. In addition, some academic literature pieced not included in the Scopus selection and two reports of important organizations about the BoP (the United Nations and iBoP Asia) are added to the analysis, as they are often cited to have an important contribution to the BoP literature. The complete article list is provided in table 3.1, which also shows whether the articles are based on empirical case studies, which is important for drawing conclusions. The selection of articles is analyzed using a system with predefined codes. The coding system is based on the sub questions resulting in four main categories:

1. Definitions of the most relevant BoP terms
2. Current theoretical frameworks used by BoP researchers
3. Identification of BoP partners and their contribution
4. Management of BoP partnerships

Different sentences and paragraphs are assigned to each category and collected in a word document.

Article	Main contribution or thought of the paper	Based on
T-Lab article selection		
Arora & Romijn, 2012	Points to three cultural-political issues overlooked by the BoP discourse, which are vital in understanding the practice of business ventures at the BoP: adverse power relationships within poor communities; social-epistemological hierarchies between the poor and outsiders who administer poverty-reduction interventions; and local vulnerabilities induced by global currents in products, services, information and ideologies.	Citation of cases, but more theoretical
Chatterjee, 2009	Provides a framework for MNC Managerial Mindset Transformation and an agenda for managerial action	Citation of cases, more meta study
Chesbrough, Ahern, Finn, & Guerraz, 2006	Companies that wish to prospect for gold at the bottom of the pyramid should seek out partnerships with savvy, structurally patient NGOs. Together, they can build the business models that will drive sustainable business success in these untapped markets over the long haul.	Several case studies
Chikweche & Fletcher, 2011	Investigates and demonstrates the use of franchising as an alternative distribution strategy that firms can employ at the BOP.	Four case studies
Choi, Kim, & Kim, 2010	Proposes a framework, which divides the global environment based on the factors that influence and constrain the behavior of corporations in their approach to international business, using an “international business systems” approach to the triad.	Country level research
Danse & Vellema, 2005	Builds on the BoP approach to explore opportunities for re-engineering or reconfiguring private sector-led innovation strategies for development	Several case studies
Gardetti, 2005	Provides understanding of the barriers and opportunities in different sectors of the BoP	Stakeholder activities
Hoang & Napier, 2011	Consider what types of knowledge are important for foreigners to know at the initial stages of engagement abroad as they consider whether to do business in an emerging country.	Large survey in Vietnam
Kistruck, Webb, Sutter, & Ireland, 2011	Seeks to explore how each of the theories grounding traditional franchising research applies within the BOP context	Interviews with microfranchises and franchisees
London & Anupindi, 2012	Proposes a new model based on collaborative interdependence to better integrate the relatively high floor of DLIs with the relatively high ceiling of ELIs. In this article, we offer several IBC strategies to enhance partnership efforts between the two sectors.	Citation of cases
McMullen, 2010	Proposes a theory of development entrepreneurship that blends business entrepreneurship, social entrepreneurship, and institutional entrepreneurship to accelerate the institutional change necessary to make economic growth more inclusive.	Citations of cases, more meta study
Mena, De Leede, Baumann, Black, Lindeman, & McShane, 2010	Presents five different views on innovative solutions for the relationships between business and human rights that all build on empowerment, dialogue and constructive engagement.	Case study
Ramachandran, Pant, & Pani, 2012	Presents a process model that highlights the role of innovative management practices in sustaining engagements between firms and BoP producers over time, introducing the concept of a bridging enterprise.	Case study
Reficco & Márquez, 2012	Generates a number of tentative propositions structured around three broad issue-areas: alliance formation (drivers that compelled companies to engage in strategic partnerships), alliance implementation (choice of governance mechanisms, resources for enhancing trust and reciprocity between partners, and conflict resolution mechanisms), and performance outcome	Nine case studies

	(the extent to which an organization's commitment to an alliance impacted its performance and its societal context).	
Rivera-Santos & Rufin, 2010	Answers two interrelated research questions: In what systematic ways, if any, are networks at the BOP different from networks at the TOP? What are the implications of these differences, if any, for MNEs?	Several case studies, also meta study
Rivera-Santos, Rufin, & Kolk, 2012	Develops propositions regarding the impact of the co-existence of different sets of institutions on the structure of partnerships in substance markets (SMs) by developing a framework of SM partnership structures that recognizes both the uniqueness of SM-specific institutions and their relationship to external institutions.	Conceptual paper
Salamon, 2008	Proposes corporate social engagement pyramid	Country level research
Schrader, Freimann, & Seuring, 2012	Aims towards using the strategic management process as an analytic framework for case studies at the BoP, allowing analysis of which aspects are particularly critical for achieving respective solutions.	Seven case studies
Schuster & Holtbrügge, 2012	Reveals that companies develop knowledge by enlarging their mode of market commitment to a new level that exceeds local manufacturing and production facilities.	Several case studies
Seelos & Mair, 2007	In our view, existing capabilities and existing local BOP models can be leveraged to build new markets that include the poor and generate sufficient financial returns for companies to justify investments.	Two case studies
VanSandt & Sud, 2012	Presents a model that can serve as an effective framework or addressing these issues: imperative of inclusive growth; explore the impact of government policy vis-a-vis the leverage enjoyed by other social institutions.	Case study
Webb et al., 2010	Integrate entrepreneurship, institutional, and network theories to discuss how the entrepreneurship process of MNEs is negatively affected in base of the pyramid markets.	Citation of cases
Zhou, Tong & Li, 2011	Explores how firms could incorporate disruptive technology into innovative business model to build successful business in BoP markets.	Several case studies
Literature outside the T-Lab selection		
Bachman, Vermeulen, & Geurts, 2009	Develops a theoretical model that describes scaling-up as a three-dimensional process, which unfolds itself in three recurring stages, each with a unique set of challenges.	Three case studies
Brand & Rocchi, 2011	Presents a framework for strategic reflection and planning which can support business stakeholders in creating real and sustainable value by providing a deeper understanding of the emerging market context.	Case study
Bruggman & Prahalad, 2007	Provides a table of how companies and NGOs find common ground. To win these gains, managers from both sides must understand the risks in working together. When managers address these challenges by applying potent principles, they create far greater value—for all players—than their individual efforts could produce.	Case study
Budinich, 2005	Provides the Mosaic of Solutions framework highlighting three key principles for succeeding in this BoP space and providing market-based strategies benefiting low-income populations based on a new type of social/business model as "Hybrid Value Chains™" (HVC™).	Citation of case studies
Chaurey, Krithika, Palit, Rakesh, & Sovacool, 2012	Suggests the need for new forms of public and private sector partnerships, especially the pro-poor ones that are effective in enhancing energy access. Works with a new definition or understanding of the PPP: the "pro-poor public-private partnership" model ("5 P").	Two case studies
Dator-Bercilla, La Viña, Angeles-Mendoza, Osir, & Santos, 2012	Aims to capture how the principles of working for and with those at the BoP are used in S&T innovation or how they enhance the innovation process	Several case studies

Grootveld, 2008	Sets out to explore how western multinational companies build trust with local communities in developing countries, confirming five variables causing trust: outset manifestation, reciprocity, consistency, adaptation to institutional framework and communication in a model	Case study
Kakerken, Nimako, & Van Tubergen, 2012	Investigates whether involving local suppliers into the supply chain of Multi-National Companies (MNCs) when entering the BoP markets would increase the chance of a successful market entry.	Interviews with BoP professionals
Karnani, 2007	Proposes an alternative perspective on how the private sector can help alleviate poverty. Rather than viewing the poor primarily as consumers, an alternative approach is to focus on the poor as producers and to emphasize buying from the poor. The only way to alleviate poverty is to raise the real income of the poor.	Citations of important cases
Munir, Ansari, & Gregg, 2010	Draws on the concept of global value chains to usefully extend the BoP concept, and suggests areas for further theory building and empirical research. A typology of BoP ventures is offered, and appropriate levels of public– private engagement to achieve the desired social and economic outcomes is suggested.	Empirical examples
Porter & Kramer, 2011	Introduces the principle of shared value, which involves creating economic value in a way that <i>also</i> creates value for society by addressing its needs and challenges. Businesses must reconnect company success with social progress. Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success.	Citations of some cases, but more on strategic level
Rangan, Samii, & Van Wassenhove, 2006	Jointly implicates specialized resources, positive externalities, uncertainty, and governance costs in a theory highlighting the potential role of public actors in building effective private networks	Citations of some cases, but more theoretical
Scheer van Maaswaal, 2012	Applies a strategic niche management perspective to a BoP case study	Case study
Simanis & Hart, 2008	Provides the BoP Protocol, as a co-venturing process that integrates within a corporate entrepreneurship framework leading-edge thinking across a range of fields, including economic anthropology, international development, empathy-based design, and environmental management.	Citations of important cases
UNDP, 2008	Uses a Growing Inclusive Markets strategy matrix as an analytical framework that helps to identify market constraints and think through strategies for addressing them. It links five broad constraints in the markets of the poor with five strategies that can yield solutions.	Fifty cases studies
Wheeler, McKague, Thomson, Davies, Medalye, & Prada, 2005	Introduces Sustainable Local Enterprise Network (SLEN), consistent with resource based view and creating shared value. SLENS leverage complementary capabilities, competencies, assets and resources from participating organizations in order to generate competitive advantage	Fifty case studies

Table 3.1: Selection of BoP literature for in-depth literature review

3.2 Results

3.2.1 Results | Introduction to the BoP field

The BoP literature dates back to 2002, when Prahalad and Hart introduced the concept of Base of the Pyramid (BoP) projects in their article “The fortune at the Bottom of the Pyramid”. In this article the private sector is singled out to take responsibility for poverty alleviation by adopting a market approach. Ever since many researchers have elaborated on the optimal BoP proposition for the private sector and the need for engaging in partnerships within BoP projects. However, what exactly is meant with “the BoP” and when could a project be seen as “a BoP project”? Many definitions have been proposed, but there is still no consensus. This is partly due to the early development stage of the BoP literature, but also to the turbulent context in which development practices take place, such as the institutional voids in developing countries. Therefore, this chapter aims to introduce the different literature views on the relevant concepts of BoP projects including the BoP market and the necessary partnerships. By doing so, the first sub question could be answered *‘What are the key BoP concepts regarding partnerships and how are they defined?’*

3.2.1.1 Defining the BoP market

According to the literature, the BoP market is defined by the following key characteristics.

BoP Market size

The BoP is often defined by its market size. Central to that definition is the focus on the purchasing power parity (PPP) per person per day across countries and regions. Often cited are Prahalad and Hart (2002) – “the founding fathers of the BoP approach” – who refer to an estimated four billion people at an *income level of 2 dollar per day* (in 1990 prices). More recently other institutes have defined BoP markets according to people’s average annual income. The World Resources Institute suggests that the BoP markets are composed of consumers with an *average annual income of 3000 dollar* in 2002 (Webb, Kistruck, Ireland, & Ketchen, 2010, p.559). In 2007, it estimated that almost 70% of the world’s population lives in those BoP markets (Kistruck et al., 2011). Another influential organization, the World Bank, sets the boundaries for BoP consumers at a PPP of *less than 1 dollar a day* (Chikweche & Fletcher, 2011, p. 343). Calculating with this definition means that the number of BoP consumers is limited to 2.7 billion in 2001 (Karnani, 2007, p. 4), instead of the 4 billion proposed by Hart and Prahalad (2002). When expressing this in actual market potential, this would mean a drop from 13 trillion dollar to 1.2 trillion dollar (Karnani, p.4). Moreover, some other scholars state that the market size should not be measured in PPP terms, but by using financial market exchange rates. This would lead to even smaller potential profit margins in the BoP.

So, these different conceptualizations lead enormous variations in the estimated number of people that belong to the BoP, which consequently influence the size of the actual business opportunities

in the BoP. The problem of this is highlighted by the fear of romanticization of the business potential at the BoP (e.g. Karnani, 2007).

Geographical location

Another characteristic that is often used to define the BoP is the geographical location. Researchers have highlighted that it is difficult to appoint the specific countries. Seelos and Mair (2007, p.52) refer to the term BoP “as countries where the majority of the population is extremely poor as measured by income levels, but where doing business may also leverage and opportunity to serve people at multiple income levels concurrently.” However, appointing full countries as the BoP would ignore the large income differences. “Therefore, the degree to which a market is classified as developed, developing, or BOP depends not upon country boundaries, but rather upon market characteristics.” (Webb et al., 2010, p.559). This advocates a regional approach based on market segments to BoP, which is important to keep in mind when mapping the dominant actors in a BoP market. Another issue that is related to the geographical definition is the influence of the region’s characteristics. Populations could be geographically dispersed or live in densely populated areas (Rivera-Santos & Rufin, 2010). Many researchers highlight the significant differences between rural and urban areas, which question the possibility of a single universal definition for the BoP, ignoring the contextual factors (Rivera-Santos & Rufin).

Market characteristics

Also market specific characteristics are important for the definition of the BoP (Schuster & Holtbrugge, 2012). The literature has uncovered some BoP specific social, cultural, and institutional characteristics that are very different from current markets that Western MNCs operate in. These show a great diversity within the BoP markets (see table 3.2).

BoP Market characteristics	Description
Variations across BoP environments	Differences between urban – rural environment (Rivera-Santos & Rufin, 2010) <ul style="list-style-type: none"> - Urban: relatively easy access to infrastructure because of their geographic proximity to the ToP environments - Rural: more centralized networks with a center characterized by a few local patrons, who establish many strong patron-client relationships
Limited purchasing power of individuals	Irregularity of BoP incomes (Rivera-Santos & Rufin, 2010) Poor people are price sensitive (Karnani, 2007) People cannot predict revenue (Rivera-Santos & Rufin) High volume business based on small (even tiny) transactions (Budinich, 2005)
Presence of self-sustainable informal economy	Presence of both formal and informal economy (Chikweche & Fletcher, 2011) Informality shapes business systems (Choi, Kim, & Kim, 2010) Markets are ongoing processes of economic organizing and as bundles of practices, rather than as collections of people (Lindeman, 2012) Business system embraced the capitalist mode of production, but have rejected the need for democratic participation (Choi, Kim, & Kim) Fewer institutional and legal structures (Choi, Kim, & Kim) Absent and weak institutional arrangements prevent those excluded by poverty from participating in market activities (Reficco & Márquez, 2012)

	Sometimes political elite at the national, provincial and local levels feel they are above the law (Choi, Kim, & Kim)
Hampered transferability of market knowledge	Lack of transparency and infrastructure prevents resources and information flows from flowing seemingly (Reficco, Márquez, 2012) Little education and technical skills (Dator-Bercilla, La Viña, Angeles-Mendoza, Osir, & Santos, 2012)
Different sociocultural elements	Very different sociocultural elements than the developing regions within the same country (Webb et al., 2010) Challenge of inequality of income or gender imbalance deeply entrenched in the BoP market (Chatterjee, 2009) Presence of anti-enterprise culture in some parts (Gardetti, 2005)

Table 3.2: Characteristics of BoP markets

Definition of poverty

In the literature it is highlighted by some researchers that underlying these different conceptualizations are subjective judgments associated with poverty. In this sense, Amarty Sen is often cited to show the urgency of a holistic approach instead of focusing on income and wealth (Van Sandt & Sud, 2012). Poverty is about (the lack of) choices and capability deprivation resulting from the lack of freedom and opportunities. The wider definition of poverty should be taken into account when defining the BoP, according to some researchers.

3.2.1.2 Defining a BoP project

With the description of “BoP market”, the concept “BoP project” can be further defined. The first definition of BoP project dates to 2002, when Hart and Prahalad introduced the concept of Base of the Pyramid (BoP) projects by expressing how business could profitably serve the needs of the BoP. Central to this definition are ‘poverty alleviation’ and ‘market approach’. By extending the strategic boundaries of a corporation with the view of the poor as an untapped market of consumers, producers, and entrepreneurs, poverty could be alleviated while at the same time making profit (Chatterjee, 2009; London & Anupindi, 2012). For this, both appropriate technologies and appropriate business models are necessary, as the unique characteristics of the BoP market imply that the traditional products, services, and management processes will not work (Seelos, Mair, 2007). ‘A business model could be defined as a set of capabilities that is configured to enable value creation consistent with either economic or social strategic objective’ (Seelos & Mair, p.53).

However, the definition of BoP projects has been subject to changes. An important shift in the literature is from the consumer-oriented to a more producer oriented BoP approach, well-known as the shift from BoP 1.0 to BoP 2.0 (Simanis & Hart, 2008). The first concepts of BoP projects were consumer-oriented aiming to exclusively sell



Figure 3.1: Differences between BoP 1.0 and BoP 2.0 approach (Simanis & Hart, 2008, p.2)

products and services to BoP communities (Ramachandran et al., 2011). In producer-oriented BoP projects the BoP community is perceived as a full value chain partner, creating an inclusive business model (Simanis, Hart, 2008). Concepts as business co-creation and creating shared value for all chain partners gained importance (e.g. Mena et al, 2010). The differences between the approaches are displayed in figure 3.1. The shift to BoP 2.0 was based on the increasing criticism on the one-sided view of the BoP 1.0 approach (e.g. Karnani, 2007). BoP 2.0 became the dominant approach in the late 2000s. However, according to some research the consumer driven perspective is still dominant in practice (e.g. Schrader, Freimann, & Seuring, 2012).

3.2.1.3 Defining a BoP partnership

Since the first BoP publications the concept of “partnerships” has gained growing attention, as it turned out almost immediately that the private sector could not alleviate poverty by itself. It needs a network with non-traditional partners to drive sustainable business’ success and gain insights in the cultural and local dynamics of the BoP market (Chesbrough, 2006; Gardetti, 2005). ‘Collaboration will be imperative in the design, implementation and sustainability of engagements’ (Dator-Bercilla, La Viña, Angeles-Mendoza, Osir, & Santos, 2012, p.16). In addition, being a member of a “sustainable local enterprise network” creates embeddedness in the local context, which is valuable due to the presence of the informal economy (e.g. Wheeler et al., 2005). With the shift from BoP 1.0 to the inclusive business perspective of BoP 2.0, the concept of partnerships changed as well. Local partners should also be involved as value chain partners, rather than consumers. This changes the relationship between the existing value chain partners and their positions within the BoP network. More equal partnerships with the local community are necessary (Simanis & Hart, 2008). Reficco and Márquez (2012, p. 519) state that ‘these inclusive networks enhance the flow of information, skills, and resources, making possible the connection of supply and demand’.

Due to the early development stage of the BoP literature there is not yet a consistent terminology to describe partnerships in BoP projects (Reficco & Márquez, 2012). “BoP partnerships” could be seen as collaboration practices with focal activities based in the BoP that combine economic and social goals that are part of a BoP project (Rivera-Santos, Rufin, & Kolk, 2012). Partners that could be included are non-governmental organizations (NGOs), governmental authorities, community organizations, and private organizations. This actor list is not exhaustive, as BoP partnerships are extremely varied. However, most partnerships are cross sector collaborations. In addition, they are often intermingled with other partnerships of the same BoP project, creating a BoP network. As the focus of this master thesis takes the perspective of the MNC, the further focus is on partnerships created between an established MNC outside the BoP and actors active in the BoP. These actors can originate either from within the BoP region itself (local actors) or from outside the BoP. Public actors are considered local, if they are an authority within the BoP region. So this incorporates both local authorities and the state government from which the BoP region is located.

3.2.1.4 Defining a BoP project's success

The core objective of a BoP project is to bring prosperity to the poor, while creating value for all partners involved. The project should add value in three dimensions in order to be successful: people, planet and profit (triple P). The people dimension is targeted at creating social impact by eradicating poverty. For this, BoP projects should create opportunities for steady employment at reasonable wages and increase productivity to empower the local community (Karnani, 2007). The second dimension, profit, is focused on creating a financially sustainable business model. Many researchers link a longer time frame to this dimension, eliminating the objective of profit on the short run, whereas others continue to insist on the financial returns in the short term (Schrader et al., 2012). The last dimension, planet, is focused on sustainable development, diminishing the environmental footprint of the project. However, this objective is not discussed in every academic literature source. Besides these three objectives, some researchers highlight the importance of learning, i.e. improving local capabilities, for the BoP project's success. According to Gardetti (2005, p.66), 'the learning process of a BoP project should result in the joint concept of ideas and opportunities that strengthen local capabilities and social and economic systems to create value for all the parties involved'. This could be related to the social goals of empowerment (as knowledge is power). Besides these core objectives, the BoP project's success is highly dependent on the specifics of the BoP project in question.

Conclusion | Sub question 1:

'What are the key BoP concepts regarding partnerships and how are they defined in the academic BoP literature?'

The literature insights show that there are many different ideas and perspectives on BoP projects in general, and specifically BoP partnership practices. There is not always consensus even about major concepts. According to the literature, this is partly explained by the heterogeneous nature of the BoP, which influences the conceptualization of a specific BoP project and its success. It is difficult to draw general conclusion on the insights based on very different case studies in the literature. However, the confusion of conceptualization could also be explained by the fact that the development of the BoP literature is still in its infancy (from 2002 onwards). In addition, many contextual factors influence the stance in the literature. International institutional forces, such as the United Nations (UN) and the World Bank, continuously influence the development policies of countries and organizations, and the public stances towards development practices (e.g., through institutions such as the Millennium Development Goals (MDGs)). In addition, the changing field of political and financial world powers has triggered the private sector to look differently at developing and emerging countries (i.e., as emerging markets with fast growing lower-middle income consumer segments and upcoming nonwestern MNCs). So, this changing global landscape continuously influences the BoP literature and creates many different points of view on BoP practices and partnerships. To add to the complexity, the BoP literature is also influenced by other strands of academic literature. These associated theories and approaches are discussed in the upcoming paragraph.

3.2.2 Results | The academic underpinnings

The conceptualization of the BoP is not the only issue with disagreement in the BoP literature. There is also much discussion about inadequacies in the theoretical underpinnings of the BoP approach (e.g. Karnani, 2007; Romijn & Arora, 2012). As BoP projects are both business and development related, it seems apparent that the BoP literature would build upon international business and development literature. However, the international business literature has a fundamental bias towards the mature markets of the world, ignoring contextual factors and concepts related to the problems and functioning of emerging economies (Choi, Kim, & Kim, 2010). It is evident that the majority of the BoP literature is written from the perspective of Western management science. Due to this point of departure, BoP studies tend to be based on bottom up, grounded theory approach following from inductive, case-based research, or prescriptive research that is based on expectations. However, attempts are being made to embed the BoP research stronger in existing theoretical literature. These attempts uncover pointers towards possibly fruitful theorization in future BoP research, including research on BoP partnerships. This paragraph briefly describes the academic strands of literature that are brought up to in the BoP literature.

3.2.2.1 Publication Sources

A first insight into the theoretical underpinnings is provided by the composition of academic journals in which the BoP articles are published. For this, the Scopus selection of articles of the T-Lab analysis could be taken as a unit of analysis, as Scopus creates a representative sample size of the academic literature. The different journals are categorized in eight journal types (see Appendix A3).

Figure 3.2 shows that the collaboration practices in the BoP

are mostly discussed in business journals, followed by innovation and marketing journals. It is remarkable that there are only two articles from development literature.

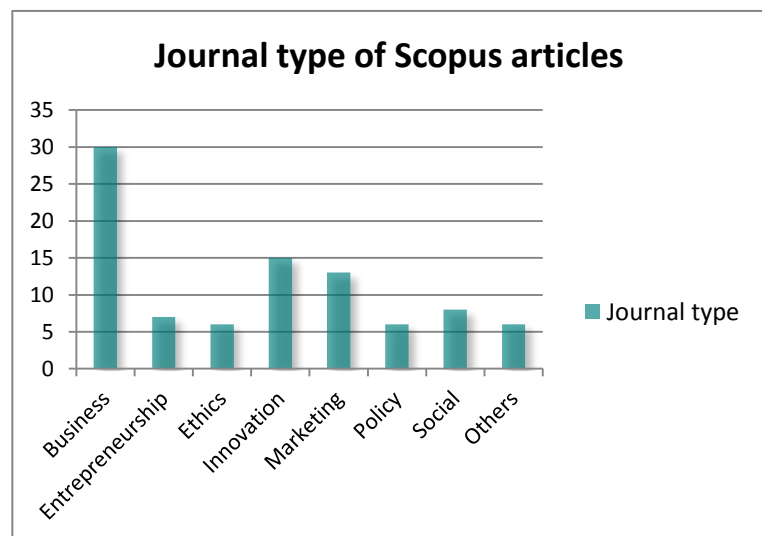


Figure 3.2: Classification of sources of articles of Scopus T-Lab selection

3.2.2.2 Referred literature strands

A content analysis on the literature selection of this chapter unveils a more detailed view on the academic underpinnings of the BoP literature that is related to BoP partnership practices. It is summarized in table 3.3.

Main academic strand	Associated theories, academic approaches and concepts	Main application in the BoP literature
Development studies	<ul style="list-style-type: none"> • Asset-based community development (e.g. <i>Simanis & Hart, 2008</i>) • Biological growth model for scaling up of Taylor & Dees (e.g. <i>Bachman, Geurts, & Vermeulen, 2009</i>) • Capabilities approach to poverty of Amartya Sen (e.g. <i>Mena et al., 2010</i>) • Community engagement framework Hashagen (e.g. <i>Dator-Bercilla, La Viña, Angeles-Mendoza, Osir, & Santos, 2012</i>) • Development studies (e.g. <i>Munir, Ansari, & Gregg, 2010</i>) • Grassroots development (e.g. <i>Salamon, 2008</i>) • Participatory rural appraisal (e.g. <i>Grootveld, 2008; Simanis & Hart, 2008</i>) • Post-development theory (e.g. <i>Arora & Romijn, 2012; UNDP, 2008</i>) 	<p>The relation to development studies literature is focused on the involvement of the community. The biological growth model shows that partnerships should integrate and evolve with the environment. The perspectives of participatory rural appraisal (PRA) and of asset-based community development (ABCD) help to make BoP projects culturally-appropriate and environmentally sustainable. Tools as a creating decision making forum with an honest broker respected by all partners, or involving residents in decision making affecting their lives results in community engagement. Another strand of development studies, post development theory, incorporates institutions as the Millennium Development Goals (MDGs) that guide BoP projects. However, also critical views exist upon post development theory, as it is positive towards CSR.</p>
Entrepreneurial theories	<ul style="list-style-type: none"> • Corporate entrepreneurship framework (e.g. <i>Simanis & Hart, 2008</i>) • Economic theory of social entrepreneurship (e.g. <i>McMullen, 2010</i>) • (MNEs) Entrepreneurship theory (e.g. <i>Webb, Kistruck, Ireland, & Ketchen, 2010</i>) 	<p>Entrepreneurial concepts are mentioned in relation to entering the BoP markets. For entrepreneurial activities in the BoP is leading edge thinking required across a range of fields, such as the business, social and institutional domain, which refers to social entrepreneurship. It is a market driven process in undeveloped markets, in which MNCs build the market. Some researchers refer to the stages of the entrepreneurship process: alertness, opportunity recognition, opportunities exploitation (uncertainty & risk), growth. They state that MNEs often maintain or expand their alliances with NGOs through the growth stage.</p>
Organization / Learning theories	<ul style="list-style-type: none"> • Agency theory (e.g. <i>Kistruck, Webb, Sutter, & Ireland, 2011</i>) • Dynamic capabilities approach (e.g. <i>Schrader, Freimann, & Seuring, 2012</i>) • (Industrial) Organization (I/O) theory (e.g. <i>Grootveld, 2008; Ramachandran, Pani &, Pant, 2012; Rivera-Santos & Rufin, 2010</i>) • Internalization process model of Johanson & Vahlne (e.g. <i>Schuster &, Holtbrügge. 2012; Webb et al., 2010</i>) • Path dependency theory (e.g. <i>Schuster & Holtbrügge, 2012</i>) • Transaction cost theories (e.g. <i>Rangan, Samii, & Van Wassenhove, 2006; Rivera-Santos, Rufin, & Kolk, 2012; Webb et al., 2010</i>) 	<p>The references to the organization and learning theories refer to concepts as transaction costs, principal-agent issues, intellectual property (IP) and knowledge transfer. The transaction cost theory (TCE) – related to economic and institutional theory - shows that transactions are impaired in the BoP because of the informal institutional environment with missing infrastructure facilities and capabilities. Business transactions are governed by informal rather than formal mechanism and business ecosystems. “Research using a transaction costs approach to NGO–MNE alliances could identify governance mechanisms that minimize any lingering distrust, promote effective interactions, and facilitate entrepreneurial activities” (Webb et al, 2010). Another often related concept is agency costs, which increase because agency increases the complexity of coordination and the necessity for trust.. Within BoP projects agency costs could be reduced by systems as microfranchising. Other researchers focus on knowledge management. They come up with the idea of path dependency. The knowledge richness and the perceived risk of companies influence which markets they are entering. According to the internalization theory, new learning cycles should be developed with market specific and general knowledge to establish adequate business activities in BoP market. In addition, companies should focus on dynamic capabilities building to identify new opportunities and organize effectively around them. In addition, organizational transfer of knowledge within a partnership is important.</p>

<p>Business theories: classical economic theory, innovation management, international business, marketing, strategic alliances literature</p>	<ul style="list-style-type: none"> ● Amoral theory of business (e.g. VanSandt & Sud, 2012) ● Classic economic theory (e.g. Mena et al., 2010) ● Diffusion of innovation of Rogers (e.g. Bachman et al., 2009) ● Disruptive technologies perspective of Christensen (e.g. Mahama, 2012; Seelos & Mair, 2007; Zhou, Tong, & Li, 2011) ● Externalities theory (e.g. Rangan et al., 2006) ● Four P marketing framework (e.g. Chatterjee, 2009) ● (Micro) Franchising theory of Christensen (e.g. Chikweche, Fletcher, 2011; Kistruck et al., 2011) ● Resource-based view (e.g. Seelos, Mair, 2007; Bachman et al., 2009) ● Resource scarcity theory (e.g. Kistruck et al., 2011) ● Strategic alliances theory of e.g. Das and Teng (e.g. Rivera-Santos, Rufin, 2010; Schrader et al., 2012; Seelos, Mair, 2007) 	<p>The business theories that are related to the BoP can roughly be divided in classical economic theory, innovation management, international business, marketing, and strategic alliances literature.</p> <p>Some researchers state that the dominant classical business theory does not incorporate the moral role of firms to alleviate poverty. In the amoral theory of business in which the role of firms is primarily seen as economic actor and maximizing profit is based on the nation state. The resource based view is another popular economic view, which can explain how above-average performance can be achieved and sustained. Resources should be acquired at a profitable cost price and deployed and configured into capabilities that create higher than average for customers. Other researchers refer to the resource scarcity theory implying that resources are scarce at the BoP. This scarcity could be overcome with franchising models. Also innovation management theories are linked to BoP. It is shown that the BoP projects comprise disruptive innovation, as that is to what co-creation will lead (differing mental maps). Radical innovations can be tested and improved in the BoP, as BoP consumers are not locked in yet in consumption patterns. Co-developing accelerates the diffusion of technology. For the diffusion of the innovation the BoP literature adapts the conventional marketing models. The 4P (price, product, promotion, and place) model is converted into a 4A (Affordability, Acceptability, Availability and Awareness) model. Regarding BoP partnership practices the BoP literature refers to strategic alliances literature. According to externalities theory, only alliances between private firms and public actors can only lead to public benefits. In addition, applying strategic management process allows for identification of critical aspects in developing BoP solutions. It shows that mechanism to lower uncertainty around partner behavior and abilities, and mechanisms to control for partner behavior enhance alliance performance. Also it shows the need for trust.</p>
<p>Political /ethics theories</p>	<ul style="list-style-type: none"> ● Comparative business ethics / systems (e.g. Choi, Kim, & Kim, 2010) ● Framework of John Ruggie (International relations) (e.g. Mena et al., 2010) ● The Grabbing Hand theory of governance (e.g. VanSandt & Sud, 2012) ● Identity theory (e.g. Webb et al., 2010) ● Institutional theory (e.g. Rivera-Santos et al., 2012; Webb et al., 2010) ● Social choice theory of Arrow (e.g. Van Sandt & Sud, 2012) ● Varieties of Capitalism / Comparative corporate governance (e.g. Choi et al., 2010) 	<p>The BoP literature highlights the importance of the institutional context, an issue that is grounded in political theories as well. Institutional theory takes into account the economic, political, social, and business issues that could constrain and influence the behavior of actors. Some researchers show the importance of a comparative corporate governance view, highlighting the varieties of capitalism within in the world. This is influence by low vs. high income factors and shareholder vs. stakeholder business systems. These factors could constrain the behavior of corporations in their approach to international business. In addition, some institutions do not function properly or lack. The grabbing hand theory blames the government partly for this and targets at what governments actually do and what they should do. There is no consensus on the responsibility that the corporate sector should take in this. The framework of Ruggie clearly separates political and economic spheres by arguing that it is the state's duty to protect human rights and the corporate responsibility to respect human rights (Mena et al, 2010). However, ethical theories urge the private sector to think about how low-income countries can achieve economic and business growth and development. A combination of identity theory and institutional theory could provide more detailed insight regarding the roles of actors in these issues. In relation to partnerships, it could provide insights in the roles different partners take within a partnership, such as intermediaries. Another ethical concept is the highlighted by the social choice theory, which is mentioned by some researchers. This theory states that it is important to focus on individual interests, values, and welfares and then aggregate that to the level of society.</p>
<p>Value chain approach</p>	<ul style="list-style-type: none"> ● Corporate Social Responsibility / MBA perspective (e.g. Hart. 2007; e.g. Salamon, 2008) ● Creating shared value of Porter and Kramer (e.g. Dator-Bercilla et al., 2012) ● Global value / sustainable supply chain 	<p>The concept of corporate social responsibility (CSR) is often related to BoP projects. There is no consensus in the literature whether BoP initiatives should belong to the strategic arsenal of CSR policies of companies. However, the corporate social engagement element is translated in BoP projects. A second concept is creating shared value (CSV) in the supply chain. This value chain approach is well integrated in the BoP literature. Value chain approach analysis framework is used as a tool for enterprises to develop sources of competitive advantage (London,</p>

	<p>approach/management (e.g. Budinich, 2005; London & Anupindi, 2012; Munir et al., 2010; Porter & Kramer, 2011; Schrader et al., 2012; Wheeler. McKague et al., 2006)</p> <ul style="list-style-type: none"> • Interdependence-based collaboration strategies (e.g. Dator-Bercilla et al., 2012; London & Anupindi, 2012) • Network theory (e.g. London & Anupindi, 2012; Reficco & Márquez, 2012; Rivera-Santos & Rufin, 2010; Webb et al., 2010) 	<p>Anupindi, 2012). “CSV goes beyond the concept of sharing economic value created by business and seeks to expand social and economic values by showing policies and practices that not only guarantee profit and competitiveness in business but also improve the economic and social conditions of the communities where these businesses are located” (Dator-Bercilla, La Viña, Angeles-Mendoza, Osir, Santos, 2012, p.16). In addition, the global value chain approach point to the need for a much central role of certain actors, as the government. It highlights issues as power of the value chain, trust and information asymmetry, which are important issues for BoP projects as well. London and Anupindi (2012) have created an interdependence-based collaboration strategy that builds on co-creation and creating mutual value to all stakeholders in a partnership. In addition, network theory is often applied to determine the positions of partners in a value chain. This also creates insights in the relational power and dynamics within a BoP network.</p>
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Table 3.3: Theories and approaches referred to in BoP literature

Although these underpinnings are resulting from a literature sample that is specifically focused on BoP partnerships, not all the academic strands can be directly related to partnership practices. Some can be better related to BoP projects in general. The participatory rural appraisal approaches, agency theory, strategic alliances literature and the global value chain approaches provide the most direct links to BoP partnership practices.

Conclusion | Sub Question 2:

‘What are the theoretical underpinnings of the BoP approach?’

This section has shown that the BoP approach is embedded in a variety of literature strands, confirming the multidisciplinary character of the BoP literature. The business literature strand dominates, including the entrepreneurial and global value chain concepts. This could be explained by the fact that the founders of the BoP approach, S.L. Hart and C.K. Prahalad, have a business background, i.e. strategic management theorists (Wheeler et al., 2005).

This dominant business literature framework should be taken into account, when further analyzing the stance on BoP partnerships. The business literature is mainly based on alliances with traditional partners and the business sector lacks the experience with development practices and NGOs, contrary to the development sector. Applying traditional business tools could result in an erroneous or naïve view on collaboration practices in the BoP, ignoring the BoP specific factors. This possible bias should be taken into account. Some researchers have pointed towards the importance of lessons that could be learned of other literature strands, such as the development theory (Bachman, Vermeulen, Geurts, 2009; UNDP, 2008).

A critical analysis on the applicability of the traditional business theories in different types of context is necessary, as well as the need for further theory development (e.g. Schrader, Freiman, & Seuring, 2012). This is discussed in chapter four. The results of this thesis contribute to the urge of more reflexive research from skeptics of the BoP approach (e.g. Arora & Romijn, 2012; Karnani, 2007).

3.2.3 Results | Important BoP partners

“We highlight the identification of non-market actors and development of cross sector relationships as key strategic capabilities for MNEs at the BOP.”
 – Rivera-Santos, Rufin, 2010, p.136 –

With the definitions of the BoP concepts and the academic literature framework in which they are embedded (sections 3.2.1 and 3.2.2), the concept of BoP partnership can be further analyzed. In this chapter the benefits of engaging partnerships in BoP projects for MNCs are described. In addition, the main partners that are identified in the academic literature are discussed in depth by highlighting their potential unique contribution to a BoP project. In this way, a deeper understanding is created in the optimal composition of the BoP network of partnerships for MNCs that aim to enter the BoP. It also creates more insights in the roles that different partners could fulfill in a BoP project based on their capabilities. This identification and assessment of partners is a starting point for the management of partnerships, which is discussed in section 3.2.4.

3.2.3.1 Potential value of partnerships in general

The literature has widely recognized the need for MNCs from outside the BoP to create a network of (local) partners in order to make a BoP project work. In the literature, the following arguments are provided why networks create shared value in BoP projects:

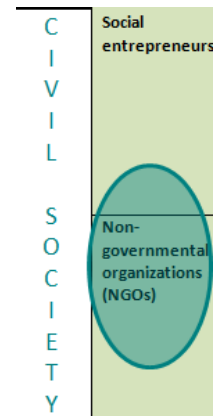
- Joining forces in (non) market partnerships create synergies, *expanding limits* for each participating organization in the creation of wealth and social development at the BoP. This holistic view states that networks enhance the development and customization of unique and complex BoP innovations (e.g. Chaurey et al., 2012; Reficco & Márquez, 2012; Rivera-Santos & Rufin, 2012; Seelos & Mair, 2007; Simanis & Hart, 2008).
- A BoP network facilitates the *access to key inputs* scattered over different valuable actors to resolve uncertainty and mitigate the risk: such as access to local knowledge, qualified labor, soft funds, capital, technology, and managerial expertise (e.g. Dator-Bercilla et al., 2012; Reficco & Márquez, 2012; Schuster & Holtbrügge, 2012; Webb et al., 2010)
- Actors within the BoP network could possess *legitimacy and trust* among the BoP market, whereas other actors perceive difficulties entering the BoP. The latter could reap reputational gains from the BoP network through which they could become perceived as insiders by the BoP community. Network actors could act as broker between the top and the BoP (e.g. Mena et al., 2010; Rivera-Santos & Rufin, 2010; Webb et al., 2010)
- BoP Networks could *overcome external market deficits* and compensate for institutional gaps present in the BoP. With an in depth understanding of the context of the BoP, a BoP network could substitute for missing market actors, for example solve infrastructural problems and set up informal market regulations (e.g. Reficco & Márquez, 2012; Rivera-Santos & Rufin, 2012).
- A network with diverse actors could enhance the efficiency and effectiveness of BoP projects, by optimizing the use of the present resources and the allocation of roles. This could enable the *sustainability of the BoP project* and create possibilities for *scaling up and internalization* in the long run (e.g. Bachman, Vermeulen, & Geurts, 2009), Chaurey et al., 2012; Mena et al., 2010; Schuster & Holtbrügge, 2012).

3.2.3.2 Potential partners identified

The extent to which a BoP network creates value depends on which specific actors are involved. In the literature the importance of a thorough partner identification process with the assessment of the capabilities is highlighted by several researchers (e.g. Rivera-Santos et al., 2012; Simanis & Hart, 2008). According to Simanis and Hart (2008, p.12), ‘the most important characteristics of an effective local partner are 1) that the organization is open to learning new capabilities and using enterprise as a way to advance its mission; 2) that its staff is experienced in using participatory development practices; and 3) that it is “socially embedded” in the community’. Besides local partners, a variety of partners outside the BoP is identified as valuable. In the literature an attempt is made to categorize the different actors. For instance, Reficco and Márquez (2012, p.517) have made a distinction between market and nonmarket organizations, and divided the latter into two groups: the supporters (socially oriented organizations), and the regulators (government agencies, trade unions, consumer associations or any other body able to create workable “rules of the game”). Other researchers highlight the role of actor groups, such as “civil society” and “local stakeholders” (Salamon, 2012; Schrader et al., 2012). Based on these views, table 3.4 (see next page) provides an overview of all possible important actor groups that should be included in a BoP network, according to the BoP literature. The partners that are identified the most in the literature are discussed in more detail.

Civil society / NGOs

NGOs, either local or originating from outside the BoP, are cited the most in the literature as important partner. Table 3.3 shows that NGOs possess unique capabilities that are vital for BoP projects. The non-profit character provides them with trust across society, which advances the process of becoming locally embedded. In addition, most NGOs have built up experience in the BoP, targeting at working with the poor people and within the specific institutional context. Moreover, NGOs possess a broad network ranging from local communities to the international private sector that provides them with access to both business and community resources (Mena et al., 2010). These characteristics make NGOs a valuable partner for MNCs trying to enter the BoP. NGOs are able to fulfill the position of innovation intermediary within a BoP network, linking the MNC to important local partners (Dator-Bercilla et al., 2012). The trustworthy reputation and experience of NGOs reduces the negative effects and risks of the institutional distance between the BoP and the MNC (Webb et al., 2010; McMullen, 2010). From the perspective of the poor, NGOs could provide voice and create a path to the market (Bruggman, Prahalad, 2007). In addition, NGOs could fulfill important institutional roles, such as supplying education and health care, and stimulate MNCs to include these social values in their business models (Rivera-Santos & Rufin, 2010). A drawback of an NGO is that its nature of being activity based and donor driven could pose capacity limits and challenge the sustainability of the project (Dator-Bercilla et al., 2012).



Cluster	Potential partner group	Description	Beneficial capabilities for BoP project	Possible applications within the BoP project	Limitations in skills / disadvantages
LOCAL COMMUNITY	Individuals	The people at the BoP (the poor, local community leaders)	<ol style="list-style-type: none"> 1) Possess knowledge of local market needs and circumstances (i.e. forces & processes of poverty (e.g. Van Sandt & Sud, 2012) 2) Possess entrepreneurial capabilities (e.g. Van Sandt & Sud) 3) Possess (insights in) local (production) capacities (e.g. Dator-Bercilla, La Viña, Angeles-Mendoza, Osir, & Santos, 2012) 4) Possess access to legitimacy (trusted & recognized reputation) (e.g. Dator-Bercilla et al.) 5) Possess authority in the local area (e.g. Dator-Bercilla et al.) 	<ul style="list-style-type: none"> • Help articulate needs & wants of the community, which identifies ways towards innovations and increases adoption rates of innovation (e.g. Dator-Bercilla et al.) • Can identify community members who can assist the project (e.g. Dator-Bercilla et al.) • Have significant influence within community to rally support and permission for the BoP project (e.g. Dator-Bercilla et al.) 	<ul style="list-style-type: none"> • Lack of self-control & yield temptation (e.g. Karnani, 2007) • Lack of choices & opportunities (e.g. Van Sandt & Sud) • Lower initial start conditions (e.g. Van Sandt & Sud) • Risk-averse (e.g. Dator-Bercilla et al.) • Not possessing the high technical skills that are required in developing the innovation (e.g. Dator-Bercilla et al.) • Risk for opportunism and jealousy at local leaders (e.g. Reficco & Márquez, 2012)
	Community based groups or organizations	Such as buying clubs, self-help groups; women's club	<ol style="list-style-type: none"> 1) Possess in depth understanding of the local community and circumstances (Mena et al., 2010; Rivera-Santos, Rufin, & Kolk, 2012) 2) Provide access to local networks (e.g. Rivera-Santos et al.) 3) Provide access to legitimacy (e.g. Rivera-Santos et al.) 	<ul style="list-style-type: none"> • Provide acceptance from the powers established by the community's normative and cognitive rules (e.g. Rivera-Santos et al.) • Provide access to local consumers and producers (e.g. Rivera-Santos et al.) 	<ul style="list-style-type: none"> • Unfamiliar with the institutions that shape the MNCs (Webb, Kistruck, Ireland, & Ketchen., 2010)
CIVIL SOCIETY	Social entrepreneurs	Businesses that focus on value creation (social and environmental), and reinvest surpluses in the community instead of capture value for shareholders (local or from the West) (McMullen, 2010)	<ol style="list-style-type: none"> 1) Possess capabilities in delivering products & services to the BoP (Budnich, 2005) 2) Make efforts / more willing to initiate institutional change that facilitate economic growth (McMullen, 2010) 3) Initiate grassroots movements (Budnich, 2005; McMullen) 	<ul style="list-style-type: none"> • Create more efficient, effective and less invasive way to help poverty at the BoP (McMullen) • Help constitute company-led inclusive networks (Reficco & Marquez, 2012) • Function as intermediaries between MNCs and BoP Community (Reficco & Marquez) 	
	Non-governmental organizations (NGOs)	Community based organizations (CBO); Development organizations on local, national, bilateral, and multilateral level	<ol style="list-style-type: none"> 1) Possess greater flexibility in operations, freer from time constraints (e.g. Chesbrough, Ahern, Finn, & Guerraz., 2006) 2) Possess knowledge of local market needs and circumstances (Gardetti, 2005; Mena et al.2010; Schuster, Holtbrügge, 2012; Webb et al., 2010) 3) Possessing knowledge of both local informal institutions and Western institutional contexts of MNCs (Mena et al.; Schuster & Holtbrügge; Webb et al.) Especially global NGOs 4) Possess access to local networks of community and entrepreneurs (Rivera-Santos & Rufin, 2010; Schuster & Holtbrügge; Webb et al.) 	<ul style="list-style-type: none"> • Are willing to exit the business once it has become profitable (Chesbrough et al; Dator-Bercilla et al., 2012) • Are more open for risk-taking (e.g. Dator-Bercilla et al., 2012) • Are innovative and successful in early stage market building work (Chesbrough et al.) • Provide institutional support by reducing uncertainty & risks from institutional voids (McMullen, 2010; Webb et al) 	<ul style="list-style-type: none"> • Lack the technology and resources to serve the BoP markets themselves (Webb et al.) • Sometimes established by political interest (Chatterjee, 2009) • Pose limits on capacity and sustainability efforts, because of NGOs' work and nature of being project/ activity-based and donor-driven (e.g. Dator-Bercilla et al., 2012)

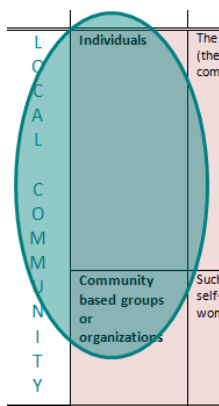
			5) Provide access to legitimacy in the BoP (<i>Bruggman & Prahalad, 2007; Webb et al.</i>) 6) Possess recruiting and training experience in the BoP (<i>Chesbrough et al.</i>) 7) Possess network of globally and smaller local NGOs (<i>Webb et al.</i>) 8) Possess experience in raising funds form philanthropic resources (<i>Chesbrough et al.</i>) Especially global NGOs 9) Possess monitoring capabilities in CSR activities by corporations (<i>e.g. Kistruck, Webb, Sutter, & Ireland, 2011</i>)	<ul style="list-style-type: none"> • Create credibility in BoP projects (<i>Bruggman & Prahalad, 2007; Webb et al.</i>) • Allow scaling and help to obtain access to new markets (<i>Webb et al.</i>) Especially global NGOs • Can function as social auditor (<i>Kistruck et al.; Mena et al.</i>) 	
P R I V A T E S E C T O R	Financial institutions	Such as financial banks, development banks, microfinance institution	1) Possess local knowledge of customer needs and market conditions (<i>Schuster & Holtbrügge, 2012</i>) 2) Possess knowledge of managing accounts and controlling payment flows (<i>Schuster & Holtbrügge</i>)	<ul style="list-style-type: none"> • Provide financial support, such as starting capital to BoP projects (<i>Schuster & Holtbrügge</i>) • Provide financial support to BoP consumers and entrepreneurs (<i>Schuster & Holtbrügge</i>) 	<ul style="list-style-type: none"> • Not always financial self-sufficient and economically profitable (<i>Karnani, 2007</i>) • Not able to filter bad entrepreneurial ideas out while providing microcredits (rather used for consumption than production) (<i>Karnani; McMullen, 2010</i>)
	Local entrepreneurs	Individual entrepreneurs at the BoP	1) Share mutual beneficial objectives (<i>e.g. Van Sandt & Sud, 2011</i>) 2) Possess operational capabilities (<i>e.g. Chaurey et al., 2012</i>) 3) Possess innovative capacity (<i>e.g. Van Sandt & Sud</i>)	<ul style="list-style-type: none"> • Contain potential for innovativeness for BoP projects (<i>Zhou, Tong, & Li, 2011</i>) • Provide maintenance support (<i>Chaurey, Krithika, Palit, Rakesh, & Sovacool, 2012</i>) • Act as (micro) franchisor (<i>Kistruck et al. 2011</i>) 	<ul style="list-style-type: none"> • Not able to enter the industry sector because of high technology barrier (<i>Zhou et al.</i>) • Lack of power (<i>Chesbrough et al., 2006</i>) • Lack economies of scale (<i>Zhou et al.,</i>) • Hardly create employment opportunities (<i>Zhou et al.</i>)
	Local Small and Medium-sized Enterprises (SMEs)	Such as small holder farmers and retailers	1) Possess knowledge of local market needs and circumstances (<i>Hoang & Napier, 2011; Rivera-Santos & Rufin, 2010; Schrader et al., 2012</i>) 2) Provide access to legitimacy, because of long rooted presence in the BoP community and link to local powers (<i>Rivera-Santos & Rufin; Schrader et al.</i>) 3) Possess operational capabilities (<i>Chesbrough et al., 2006</i>) 4) Provide local job opportunities as they provide most of the jobs and generate most of the new employment in development process (<i>Karnani, 2007</i>) 5) Often play an important role at the BoP, shaping the competitive environment (<i>Rivera-Santos & Rufin</i>)	<ul style="list-style-type: none"> • Provide credibility for the BoP project (<i>Schrader et al.</i>) • Enable to leverage local resources and establish sustainable economic development (<i>Chesbrough et al.</i>) 	<ul style="list-style-type: none"> • Competitively weak (<i>Rivera-Santos & Rufin</i>) • Often lack nontechnical expertise needed to provide products & services in undeveloped regions (<i>Webb et al., 2010</i>) • Could have expectations for quick returns and revenue from partnership (<i>Hoang & Napier</i>) • Face major constraints in gaining access to export oriented chain activities (<i>Danse & Vellema, 2005</i>)
	Local large companies		1) Possess knowledge of local market needs and circumstances (<i>Hoang & Napier, 2011; Rivera-Santos & Rufin, 2010</i>)	<ul style="list-style-type: none"> • Provide institutional support (<i>Rivera-Santos & Rufin</i>) 	<ul style="list-style-type: none"> • Some only familiar with the western markets, so possess little

G O V E R N M E N			<p>2) Provide access to local networks (<i>Rivera-Santo & Rufin</i>)</p> <p>3) Possess knowledge of local institutions, since institutionally strong because embedded in local informal networks (<i>Rivera-Santos & Rufin</i>)</p>	<ul style="list-style-type: none"> • Act as a cultural interpreter & broker with entrepreneurial ventures (<i>Hoang & Napier</i>) • Act as a consultancy firm and help develop business models (<i>e.g Dator-Bercilla, 2012</i>) 	<p>knowledge concerning how to operate efficiently in their country's BoP market (<i>Webb et al., 2010</i>)</p> <ul style="list-style-type: none"> • Could have expectations for quick returns and revenue from partnership (<i>Hoang & Napier</i>)
	MNCs	Companies that initiate the BoP project or other MNCs	<p>1) Possess business resources, such as (patient) capital, corporate sources, managerial expertise, and technology (<i>Chaurey et al., 2012; Hoang & Napier, 2011; Rivera-Santos & Rufin, 2010; Salamon, 2008; Seelos & Mair, 2007; Van Sandt, Sud, 2011; Webb et al., 2010</i>)</p> <p>2) Offer accountability (<i>Webb et al</i>)</p> <p>3) Provide access to global networks and markets (i.e. resources, distribution network, platforms with other MNCs (<i>e.g Dator-Bercilla et al., 2012</i>); <i>Rivera-Santos & Rufin; Seelos, Mair, 2007; Webb et al.</i>)</p> <p>4) Have extended time horizon (<i>Bruggman, Prahalad, 2007; Hoang & Napier; Van Sandt & Sud</i>)</p> <p>5) Provide social benefits (<i>Webb et al.</i>)</p>	<ul style="list-style-type: none"> • Provide access to business resources and global value chain for local partners <i>Chaurey et al.; Hoang & Napier; Rivera-Santos, Rufin; Seelos, Mair; Van Sandt & Sud; Webb et al.</i>) • Offer (administrative) efficiencies, economies of scale and scope (<i>Karnani, 2007; Van Sandt, Sud; Webb et al.</i>) • Are better positioned to enable entrepreneurship (<i>Van Sandt & Sud</i>) • Bring long term development (<i>Bruggman, Prahalad, 2007; Hoang, Napier; Van Sandt, Sud</i>) • Offer scale up potential through collaboration with BoP MNCs (<i>Bachman, Vermeulen, & Geurts, 2009</i>) 	<ul style="list-style-type: none"> • Unfamiliar with local norms and culture and unable to tap into informal economy (<i>Rivera-Santos & Rufin; Webb et al</i>) • Limited absorptive capacity for nontechnical knowledge (<i>Webb et al.</i>) • Distrusted by local governments, communities, and individuals (<i>Webb et al.</i>) • Sometimes reluctant to share intellectual property and profit (<i>e.g Dator-Bercilla et al., 2012</i>)
	Local authorities	On regional, ward or village level, such as councilors, mayors, governors, civil sergeants (<i>Dator-Bercilla, La Viña, Angeles-Mendoza, Osir, Santos, 2012</i>)	<p>1) Promote, respond to, and protect the development interest and needs of their communities (<i>e.g Dator-Bercilla et al., 2012</i>)</p> <p>2) Possess knowledge of local market needs and circumstances (<i>Mena et al., 2010</i>)</p> <p>4) Provide access to local networks, i.e. organize local community and private sector (<i>e.g Dator-Bercilla et al., 2012</i>)</p> <p>5) Provide institutional support for project and social goals by drafting policy measures to support the innovation (<i>e.g Dator-Bercilla et al., 2012</i>); <i>Schuster & Holtbrügge, 2012</i>)</p> <p>6) Possess authority and legitimacy (<i>Grootveld, 2008; Rangan, Samii & Van Wassenhove, 2006</i>)</p>	<ul style="list-style-type: none"> • Identify research areas and serve as (technical) informants for BoP projects (<i>e.g Dator-Bercilla et al.</i>) • Organize community members for operation and management (<i>Dator-Bercilla et al.</i>) • Provide BoP project with credibility (<i>Grootveld; Rangan et al.</i>) • Facilitate the building of trust among the community, innovators and partner network (<i>e.g Dator-Bercilla et al.</i>) 	<ul style="list-style-type: none"> • May not be a viable partner owing to the absence of adequate human, financial, and institutional capability (<i>Rangan et al.</i>) • Lack credibility because of an unsatisfactory history of achievements, relationships, and behavior (<i>Rangan et al.</i>)
	National		1) Possess financial resources, as funds, grant security	• Advice the BoP project	• Confronted with difficulties in

T A L S E C T O R	government from BoP area		<p>(Rivera-Santos & Rufin, 2010)</p> <p>2) Possess legitimacy (Rivera-Santos & Rufin)</p> <p>3) Provide institutional support to innovation investment, research and business (Karnani, 2007; VanSandt & Sud, 2011; Salamon, 2008; Gardetti, 2005; Dator-Bercilla et al., 2012)</p> <p>4) Provide access to local networks (Rivera-Santos & Rufin)</p> <p>5) Express interest in for-profit sector (Chatterjee, 2009)</p> <p>6) Possess responsibility of human rights protection (Mena et al., 2010; Gardetti)</p>	<p>management (Rivera-Santos & Rufin)</p> <ul style="list-style-type: none"> • Provide infrastructure (Karnani) • Craft new strategies for development (Dator-Bercilla et al; Rangan et al., 2006) 	<p>planning, developing and implementing national development policies and programs (Dator-Bercilla et al., 2012)</p> <ul style="list-style-type: none"> • Failed states with weak governance: prioritize political ends instead of social ends (McMullen, 2010; Mena et al.; Van Sandt & Sud; Schuster & Holtbrügge, 2012) • Biased to S&T and formal training and R&D (Dator-Bercilla et al, 2012)
	Research institution	Such as higher education institutions (universities, colleges), innovation center, platforms	<p>1) Possess extensive and multidisciplinary knowledge base (Dator-Bercilla et al., 2012)</p> <p>2) Provide access to network of external actors and communities via their external services (Dator-Bercilla et al., 2012)</p>	<ul style="list-style-type: none"> • Facilitating BoP projects (execution, training, monitoring (Danse & Vellema, 2005; Dator-Bercilla et al.) 	<ul style="list-style-type: none"> • Sometimes poor equipped to understand the informal innovations (Dator-Bercilla et al.) • Confronted with disciplinal and administrative boundaries (Dator-Bercilla et al.) • Diverse interests within higher education institutions (Dator-Bercilla et al.)
	International governmental organizations	Such as United Nations, European Union OECD, World Bank	<p>1) Possess authority (Van Sandt & Sud, 2011)</p> <p>2) Provide institutional support (Chatterjee, 2009)</p> <p>3) Protect the poor (Van Sandt & Sud)</p>	<p>1) Seek further interventions to ensure inclusive growth strategies become the de facto paradigm (Van Sandt & Sud)</p> <p>2) Create possibilities through opportunities of social partnerships and public-private partnerships with initiatives as the MDGs (Chatterjee, 2009)</p>	<ul style="list-style-type: none"> • Hierarchical institutions: confronted with cumbersome regulations

Table 3.4: Possible partners and their capabilities identified for BoP projects

Local community / individuals and community groups

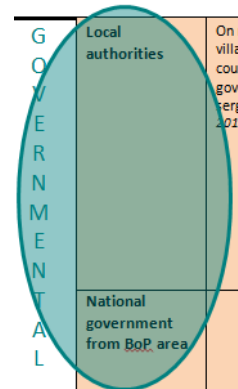


The local community, the poor at the BoP, has gained attention in the partnership process with the shift from BoP 1.0 to BoP 2.0. In the literature an enormous innovative potential is assigned to this group (e.g. Van Sandt & Sud, 2012). As the local community has a deep understanding of the local circumstances and forces that keep them into poverty, they should be included in the early stages of the innovation process of a BoP project to co-create (Van Sandt & Sud). In addition, the local community should be involved in the distribution process, as this accelerates the adoption process of the BoP innovation and raises the income level. Chaurey et al. (2012) highlight the potential of the local community in the service and maintenance stage of the

BoP project in order to ensure long term success. Kistruck et al. (2011) identify opportunities for the poor as micro franchisors. This is reflected in the results of the T-Lab analysis pointing towards distribution and other end of the supply chain activities. However, the limitations of the local community are emphasized as well. According to Karnani (2007), the BoP literature romanticizes the bop as resilient and creative entrepreneurs, as most people do not have the skills and creativity to be an entrepreneur. In addition, the innovative potential of the poor is questioned as they do not possess enough technical and organizational skills to overcome the high technology barrier (Zhou, Tong, & Li, 2011). In addition, they are unfamiliar with the institutional context of the MNCs (Webb et al., 2010), which challenges collaboration within BoP projects. However, the local community should be included in order to attain a sustainable business model (e.g. Simanis & Hart, 2008). Without including the BoP as value chain partner and increasing their real income, social impact cannot be created (e.g. Karnani, 2007).

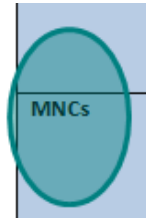
Public authorities / local and national government

Public-Private Partnerships (PPP) are widely supported in the BoP literature (e.g. Chaurey et al., 2012). Public authorities, such as national governments and city councils, and the private sector should join forces in the fight against poverty in the BoP. Strong policy support, both regulatory and infrastructural, is critical to create an enabling environment for inclusive innovation (Gardetti, 2005). Firms need authority- and credibility endowed public actors to gain trust in the BoP for their activities (Rangan, Samii, & Van Wassenhove, 2006). Therefore, local authorities are highlighted as crucial actors for BoP networks. These actors are ‘mandated to promote, respond to, and protect the development interest and needs of their communities’, as they have direct linkages to the community (Dator-Bercilla et al., 2012, p.41). In addition, they have a better understanding of the local needs and can organize community members to cooperate with the BoP project (Mena et al, 2010). However, PPPs are difficult to implement, because various stakeholder’ goals and interests involved (Ansari, Munir, & Gregg, 2010). Moreover, governmental failure is more prevalent in countries with large BoP populations (Schuster & Holtbrügge, 2012). Local authorities have limited resources and organizational capabilities, which could make cooperation difficult. This requires transparent cooperation practices.



Private sector / MNCs

As this research focuses on BoP projects initiated by MNCs, they are in any case involved in the BoP network. In order to create mutual value within a partnership, MNC should create value for the partners. Different researchers claim that MNCs provide business resources such as capital, managerial expertise or technology (Rivera-Santos & Rufin, 2012). This could result in access to global markets for the community partners. MNCs also provide labor and improve the labor productivity by upgrading the skills of the local employees (Karnani, 2007). To NGOs, MNCs offer economies of scale and scope, but also confidence to go into business themselves (Bruggman & Prahalad, 2007). Finally, MNCs fill an institutional gap by providing social benefits through innovation to BoP regions (Webb et al., 2010). However, MNCs often lack the knowledge of the local context and have to cope with a local reputation of distrust, which impairs their operations (Webb et al.).

**Conclusion | Sub question 3:**

'Which actors are identified as potential partners for BoP projects in the literature and which roles are they contributing to the BoP project?'

The results of table 3.4 reveal the importance of a broad network consisting of a variety of BoP partners, ranging from community to private partners that originated from within, or outside the BoP. All potential partners have unique capabilities that could contribute to the success of the BoP project, when integrated well into the BoP network. It also shows that the inclusion of partners is highly dependent on the purpose and context of the BoP project. However, some remarks can be made regarding the stance in the literature towards certain partners:

- NGOs seem to be an important partner for all different BoP projects, but it is not always clear whether the researchers target at an international NGO or a local NGO, whereas their capabilities differ significantly. In addition, in the literature the assumption of a well-functioning NGO dominates. This overly optimistic view could be explained by the fact that the majority of the literature is published in business oriented journals. The business sector does not have a long history of alleviating poverty and cooperating with NGOs, as the development sector has. Therefore, it mainly bases its publications on sources from the UN, World Bank and other multilateral institutions. These publications contain an overall positive view on NGOs as well. This background should be taken into account when analyzing the BoP literature.
- In the literature no clear distinction is made between rural and urban poor as partners, while the local circumstances create significant differences in capabilities of the poor.
- The role of the governmental bodies from outside the BoP, such as the state government of the home country of the MNC, is missing. National and international trade/ development policies influence the operations of MNCs and governments are increasingly looking for PPP in the development area (Chaurey et al., 2012).

In addition, many researchers highlight the benefits of partnerships solely from an MNC perspective, automatically assigning a central position to the MNC. However, in order to create shared value the network structure should be based on the capabilities of all partners (e.g. Rivera-Santos & Rufin, 2010). With this network focus, the MNC would better fit a facilitating role, providing access to business resources and strategic networks to other BoP partners. Actors such as social entrepreneurs or local SMEs have more flexibility and local ties to enhance the legitimacy and accountability of the BoP project, and are often better suited for BoP projects (Mena et al., 2010). However, this assumes that local partners are willing to join BoP projects. More on the initiation and management of partnerships is discussed in section 3.2.4.

3.2.4 Results | Management of partnerships

“While the rationale for partnerships is compelling, the practicalities are formidable, particularly for cross-sector partnerships where imbalances of resources, differences in organizational culture and misleading stereotypes make cooperation especially difficult.”

– Salamon, 2008, p.19 –

Engaging in partnerships requires besides a decent identification process of partners, also a thorough management process including the alignment of goals, division of responsibilities and monitoring partnership dynamics and progress. This section provides an overview of the current state of the art in the literature on these partnership management practices. In addition, it aims to establish the current gaps in the BoP literature regarding partnership practices. First, an overview is provided of the established BoP (partnership) guidelines. Hereafter, the management practices are discussed in more detail according to the different phases of the partnership process. On the basis of this overview the gaps in the BoP literature are identified in the interpretation section 3.5.

3.2.4.1 Current BoP project guidelines

There have been a growing number of guidelines for MNCs initiating a BoP project (e.g. Simanis & Hart, 2008). Most researchers agree upon the first steps MNCs should take. MNCs should start with gaining an in depth understanding of the local context and needs of the poor they are aiming to serve, and transfer this knowledge to their global-scale innovative processes (e.g. Chatterjee, 2009). Hereafter, a sustainable business model should be co-created with local partners. Some guidance for the business model is provided by the *four A's* of Prahalad in 2005: focus on Affordability, Acceptability, Awareness and Availability (Chatterjee). Simanis and Hart have created the *BoP protocol* in which they describe the steps that should be taken to set up a BoP project distinguishing between pre-field and in-field processes. Four years later, London and Anupindi (2012) introduced an adapted state gate approach for the development of a BoP project highlighting that after every stage a Go/No-Go decision should be made on the basis of the feasibility of the project. This shows that BoP project do not follow predefined paths.

Although these approaches remain on the surface regarding partnerships, some lessons can be distilled from them for BoP partnerships, such as the importance of setting up sub goals and evaluation moments to examine whether the (partnership) goals have been reached.

3.2.4.2 Specific partnership guidelines

Besides the general BoP protocols, some researchers have established specific partnership guidelines. Schuster and Holtbrügge (2012) propose steps for MNCs to create market embeddedness and non-market partnerships for entering the BoP. In their view, MNCs should first start a business in the high income market of developing countries to get acquainted with the overall institutional context. In order to start serving the lower income markets of that country the MNC should partner up with local parties to co-create a BoP innovation (see steps table 3.5). However, these steps solely comprise the initiation phase of partnerships, omitting the support of

a longer term relationship. London and Anupindi (2012) try to fill this gap by proposing an interdependence-based collaboration model (IBC) (see table 3.6).

To create market embeddedness and non-market partnerships for entering the BoP (Schuster, Holtbrügge, 2012)	Strategies of the IBC model (London, Anupindi, 2012)
<ol style="list-style-type: none"> 1) Determine which social and business interest can be best served through partnerships; 2) Find willing partners; 3) Clarify the expected benefits for both partners; 4) Building consensus on a common vision and objectives; 5) Reach an agreement on resource commitments, roles, and responsibilities 	<ul style="list-style-type: none"> • Catalyzing investment • Balancing metrics and aligning incentives • Creating flexible mechanisms that facilitate experiments • Enabling competitive advantage • Ensuring skill transfer

Table 3.5: Steps for creating embeddedness and non-market partnerships

Table 3.6: Strategies of Interdependence-based collaboration (IBC) model

These guidelines show that the BoP partnership process consists of different phases: identifying partners; aligning goals; dividing roles and responsibilities; managing the partnerships in long term. However, the models are prescriptive and need to be tested in practice (London & Anupindi, 2012). Besides these guidelines, more researchers have addressed the topics of managing BoP partnerships, albeit in less prominent ways. In order to arrange these findings, they are divided according to the different phases of the partnership process and discussed in the next section.

3.2.4.3 The management of the partnership process phases in detail

Step 1: Identifying partners

The former sections have provided a starting point for the identification process of partners. It has highlighted the necessity of a broad and deep network of supporting governmental, civil society and local community actors. However, it is one thing to identify stakeholders and another to convince them to cooperate in a BoP project. It is often assumed that stakeholders are actually willing to participate (Mena et al., 2010). In addition, timing is an important element, as a too broad network creates governance problems and deter the decision making process.

To begin with, MNCs should change their mindsets about roles, capabilities, metrics and investments (London & Anupindi, 2012). They should move away from the traditional underpinnings of capitalism and acknowledge that so called fringe stakeholders can make a real contribution to a BoP project (Chatterjee, 2009; Gardetti, 2005). Hereafter, established NGOs should be identified first who could help MNCs connecting with the local community (Webb et al., 2010). In this partnership an interdependence-based collaborative (IBC) view should be taken by both parties for the design, implementation and sustainability stages to integrate the views and goals of both parties (London & Anupindi). However, these researchers have not yet tested their ideas in case studies. Other researchers as Seelos and Mair (2007) have conducted two case studies and highlight the usefulness of incorporating existing BoP models within the new BoP business model to acquire local organizational skills and experience for the management of partnerships, instead of fundamentally rethinking value chains. In this way, it is avoided that MNCs fall into their old habits of using collaboration models that are not applicable to the BoP. MNCs could for

example set up a separate organization that solely focuses on pro-poor business models. Another way is to link the BoP project to other development programs in order to create more support and shared resources (Chaurey et al., 2012). With the existing capabilities the identification of partners is easier, which increases efficiency. The next step is to broaden the network with local partners for the co-creation. “The community’s active involvement right from the planning stage is pivotal to ensure the success of any project” (Chaurey et al., p. 49). Success refers not only to the long term profit objective but also to the creation of social impact, i.e. improving the poor’s life in a sustainable way and creating prosperity. In order to approach local communities Reficco and Márquez (2012) recommend, on the basis of case studies, that the first thing that a company should do is seeking for local leaders, private or public, who might be interested in partnering in a consensus building exercise. Approaching representatives controls for the size of the network and eases the communication. This should be done by corporate team members that are preferably from the country where the project is based, as that supports field-tested talent (Simanis & Hart, 2008). Together with the local intermediaries local partners should be detected. The BoP protocol (Simanis & Hart) lists the most important characteristics for effective local partners: open to learning, experienced staff, and socially embedded. In addition, “participants are summoned to join the network because they have something valuable to contribute to the enterprise, and are rewarded for it” (Reficco & Márquez, 2012, p. 533). In order to convince the partners to join the BoP projects, it should be highlighted that it is a joint project with shared ownership and responsibility among the partners. In addition, the longer term profits should be highlighted. However, some (local) partners will be less triggered by longer term profits; therefore they should be financially compensated for their time and any use of their facilities and other resources (Simanis & Hart).

When the design phase of the BoP innovation is finished, partnerships with (local) suppliers and distributors should be set up. There is no consensus in the literature whether these value chain partners should be involved earlier in the process. A solution is the creation of “a pilot project to gain experience and develop adequate product and business models and to establish adequate distribution channels” (Schuster & Holtbrügge, 2012, p.823). In that case the pilot project could test whether the network is broad and deep enough or other partners should be added.

Step 2: Aligning partnership goals

After the identification of partners and the first contacts have taken place, clear agreements should be made on the partnership and its objectives in order to create mutual value (Simanis, Hart, 2008). The alignment of goals is necessary for BoP value creation as it diminishes the risks associated with each partner’s narrow goals and information inadequacy (Chatterjee, 2009).

However, aligning goals is a difficult step in the BoP partnership process, because most stakeholders have no earlier experience in cross sector collaboration practices. In addition, in some BoP areas the *trust* issue is deep-seated, as business and civil society have long been at odds politically (Mena et al., 2010). Distrust towards partners inhibits reaching a shared view of the BoP (Gardetti, 2005). In addition, partners have different normative standards due to inter organizational differences and differing institutional background (Webb et al., 2010). This could

lead to a different perception of proportions of social and financial benefits in BoP opportunities. MNCs have difficulties to integrate local norms, values and beliefs in their business models. These factors hamper the collaboration and lead to the perception of high *risks* among the individual partners. Firms face a high actual risk of opportunism (Rivera-Santos et al., 2012). For NGOs losing the legitimacy because of opportunistic behavior is a high risk, as NGOs rely on legitimacy for their activities (Rivera-Santos et al.). “Public authorities face the risk of selling out to corporate interests in BoP partnerships, particularly if it is not successful or there is controversy over the allocation of benefits” (Rivera-Santos et al., p.4). At last, the risk of community groups is that partners will not protect their rights, because they focus solely on profit.

Creating shared value

According to some researchers, the first step to take in aligning goals is defining the individual goals for the partnership (e.g. Salamon, 2008). Partners should create support for the BoP project within their own organization. This could be a challenge for MNCs, as a BoP project falls far outside the core activities and will probably not make profit in the short run (Reficco, Márquez, 2012). The integral incorporation of socially and environmentally responsible considerations into corporate production processes should create more support (Salamon). When all partners involved have established internal support for the partnership and set up their individual goals, shared objectives could be established. Compromises will be needed in which all stakeholders must still find the relationship mutually beneficial. According to Mena et al. (2010) “setting a comprehensive discursive arena may be a good solution to reach a compromise”. However, individual goals can co-exist with mutual goals. Seelos and Mair (2007) indicate that in the BoP maximizing the separate benefits of alliance partners can create symbiosis.

Trust

Building trust is an important element, as it mitigates the perceived risks of the different partners. Building confidence by transparency and oversight seems to be the key to trust (Reficco & Márquez, 2012). In addition, stakeholders, especially the company, should be aware of the opinions of other parties and take them into consideration (Mena et al, 2010). Sometimes MNCs have a bias to the first league to forge alliances with, while ignoring more salient stakeholders (Salamon, 2008). Highly personalized relationships with all stakeholders are necessary to build trustworthiness (Reficco & Márquez, 2012). Companies have to anticipate on informal institutions and communication methods, such as the word of mouth effect (Bachman et al., 2009; Grootveld, 2008). However, the amount of effort that should be put in trust building depends on the BoP network. If there are embedded NGOs involved or other partners with a good reputation, BoP projects can leverage their trustful position when approaching local partners. In addition, when a local brand or company is acquired, MNCs can leverage on that to generate trust among their partners (Bachman et al.). Grootveld summarizes the strategies for becoming trusted in the BoP and identified five variables causing trust in BoP: outset manifestation, reciprocity, consistency, adaptation to institutional framework and communication.

Transparency, flexibility & long term vision

Transparency and a long term vision should be the key in setting up goals for the partnership (Van Sandt & Sud, 2012). The long term orientation in inclusive networks is enforced by the BoP context, because of the scarcity of alternative bidders and the asymmetry of power between partners. Reficco and Márquez (2012, p.531) support this long term focus by stating that “stakeholders should refrain from short term profit maximization, as partners tend to “satisfice” (“satisfy + “suffice”), rather than maximize on prize”. Besides transparency and long term focus, also flexibility in the partnership objectives is necessary, because of the uncertain character of the BoP innovation process. An often forgotten element of goal setting is the creation of termination conditions. Only a few researchers discuss the exit of network partners. For example, Chesbrough, Ahern, Finn and Guerraz (2006, p.57) state that “If all goes well, the NGO will be able to “exit” the project after it has become financially viable. At that point, the project's leadership will shift to the company, while the NGO will move on to another project opportunity, using the success of this most recent venture as a key selling point to future donors and private companies”. However, in most literature the termination of partnerships is only mentioned when discussing the possibility of withdrawal of actors.

Measuring goals

Also the measurement of goals should be discussed at the start of the partnership. Incentives should be aligned and metrics should be balanced (London & Anupindi, 2012). According to some researchers, measuring profit would provide valuable feedback on the wants and needs of the market, thereby informing the entrepreneurial decision making (McMullen, 2010). In addition, the objective of profit provides an exit-strategy for NGOs, as it enables NGOs to exit the project once it has become profitable (Mena et al., 2010). Because of the long term focus, below-market returns should be acceptable at the beginning of the BoP project (Reficco & Márquez, 2012). Besides profit, there are social goals, which are more difficult to measure, as they have no concrete units to measure. In addition, they are less common in traditional business activities, which means that there are fewer examples for measuring social progress. Even the international development sector is still struggling with the measurement of these (Uphoff et al., 1998). This is also true for environmental goals, However, these are even less prevalent in BoP projects (Schuster, & Holtbrugge, 2012). More about measuring goals is discussed in step 5.

Step 3: Dividing roles and responsibilities

The roles and responsibilities within BoP partnerships far outreach those from traditional partnerships for MNCs. First of all, the partnerships serve to set-up a value chain that targets an underserved market either way by incorporating existing value chains (e.g. Hart, 2007): from sourcing to selling. This requires very different partnerships in which tasks should be divided among (inexperienced) chain partners. In addition, the BoP context is often described with institutional gaps in the economic infrastructure and in the information infrastructure (Rivera-Santos & Rufin, 2010). This means that there is no adequate regulatory framework to support innovations, targeting at the rule of law for intellectual property and incentives for technology

spillovers (McMullen, 2010). To solve this gap BoP projects should support institutionalization, which leads to more tasks and responsibilities in a partnership (Reficco & Márquez, 2012).

Many researchers have written about the role the different actors should take and it is emphasized that there should be a clear division in roles and responsibilities (Chaurey et al., 2012). The distribution of tasks should be based on the competencies and commitment of the partners (Chatterjee, 2009). The table 3.4 in section 3.3 provides a good overview of the capabilities and tasks of the partners. An important part is that the MNC should be prepared to share control over their activities with other actors, contrary to what they are used to in business cases in the western markets (Rivera-Santos & Rufin, 2010). MNCs should carry out their coordination function with persuasion instead of control (Rivera-Santos & Rufin). According to Seelos and Mair (2007) MNCs should take the role of a social business enterprise, being more at the background employing capabilities to assist local entrepreneurs and SMEs to provide scale to an already existing BoP business model. Chatterjee (2009) claims that MNCs should take a facilitating role by assisting the poor producers and train them by means of education and skills transfer. Rivera-Santos and Rufin confirm this view by stating that MNCs should also foster local entrepreneurs. MNCs should invest resources in developing the alliances by accompanying, educating and empowering the BoP partners along the journey (Reficco & Márquez, 2012). Regarding the other partners, NGOs could play an important role in the recruitment of local partners and the training, because of their experience and embeddedness in the BoP (e.g. Chesbrough, 2006). In addition, they are suitable to monitor and evaluate the project (e.g. Mena et al., 2010). Local partners should be integrated in the design phase of the innovation process. In addition, they should take other supply chain tasks upon themselves. The literature provides some ideas:

- Kistruck et al. (2011) have researched the concept of microfranchising as an alternative distribution strategy. It has an emphasis on generating public social benefits with a focus on economic growth and efficiency. BoP entrepreneurs would be suitable to fulfill the role as franchisor. However, there are differing views on microfranchising, as there are some challenges identified (e.g. protecting brand reputation; inconsistencies in pricing). The allocation of channel managers would solve part of the problems (Kistruck et al., 2011).
- Ramachandran, Pant and Pani (2011, p.44) discuss “Supplier Region Companies (SRC), which were designed as community-owned enterprises set up in collaboration with artisan communities that would coordinate the operations.” It is a hybrid of community-managed cooperatives and members that are shareholders who could realize the value of their stock by means of a share valuation and trading mechanism (Ramachandran et al.).

Schrader et al. (2012, p. 295) try to model this producer view by stating that “based on case studies companies have to try to achieve a low-capital intensity in the value chain and a high labor share to benefit from relatively low wages”. In order to integrate the poor as supply chain partners, accountability and personal responsibility should be enforced (Reficco & Márquez, 2012). MNCs should stimulate this as it creates employment and builds local management capabilities, and thus raises the income level (Karnani, 2007). Besides these individual tasks, also shared tasks for all

partners exist. A common task in the value chain is empowerment: the creation of awareness about human rights and the training how people can claim these rights (Mena et al., 2010).

Step 4: Managing the longer term

In order to achieve the objective of poverty alleviation in a BoP project longer term sustainability is necessary. Rivera-Santos and Rufin (2010, p.135) expect that BoP networks evolve more rapidly in certain aspects and more slowly in others compared to traditional business networks. This is because although the present informal economy is resilient, the formal economy is more unstable and unpredictable. “The *economic instability* of the BoP context is resulting in the unpredictability of economic conditions, rapid (dis)appearance of economic actors, political regime changes, violence, lack of proper infrastructure, which increases the vulnerability of the BoP network” (Rivera-Santos & Rufin, p. 135). The economic instability in combination with a weak government creates pressures for conflicts and corruption. In addition, the combination of profit and social objectives within a BoP project could create problems. NGOs could struggle with the objective of profit in a BoP project, as that goes against their nature of charity projects (Gardetti, 2005). Especially investors could perceive less control, as the amount of control over their donations that investors are used to having in charity projects, is much smaller in BoP Projects (McMullen, 2010). This results in higher *risks for fraud*, as the investments in BoP are not transparent: partly meant as charity and partly as real business investments (McMullen). Another potential dynamic is the *lack of operational and financial sustainability*, which could be a result of the challenging institutional context of the BoP. Without an effective institutional context, it is difficult if not impossible for the stakeholders to capture the value created by a social enterprise. In addition, Reficco and Márquez (2012) state that drivers for the success of a BoP project will depreciate over time in the network, once commitments are respected.

With all these dynamics it is difficult to continuously satisfy the stakeholder demands in a partnership (Mena et al., 2010). Bruggman and Prahalad (2007) highlight the potential for tension, as both MNCs and their partners will find it difficult to manage their roles. This is triggered by the inherent imbalance of power relations within a BoP network, as MNCs are powerful global actors in comparison to local actors. This could deter or discourage other stakeholders (Chatterjee, 2009). Local leaders could be fractionized by jealousy and rivalry and opportunistic behavior and use their role in the BoP network to pursue their own agenda (Reficco & Márquez, 2012). However, local non-traditional partners may be scarce in the BoP, which could provide them with bargaining power. This could make networks over-dependent on these local actors and thereby fragile (Reficco & Márquez). These partnership dynamics will challenge the progress of the BoP project and should be taken into account when scaling up.

Sharing control

These dynamics call for a network that supports proactively *understanding and coordinating* of the long-term strategies of alliance partners (Seelos & Mair, 2007). Reficco and Márquez (2012) highlight the importance of an impact assessment of the network. In addition, the initiator of the project, mostly the MNC, has to approach the partners in a more horizontal spirit. The MNC should *share the control* over decisions and coordinate actions through incentives in order to keep

members motivated (Reficco & Márquez). In addition, it should be encouraged that all different partners *invest their share* in the project to cover the high governance costs of multiple partnerships (Seelos & Mair). This leads to a greater commitment and lower perceived risks and uncertainties. According to some researchers, the control should be fully carried over to the local community at a later point. “In the long term local small business could sustain the manufacturing, sales, and installation of the products” (Chesbrough et al., 2006, p.56). For this, it is necessary that a BoP project is supported and embedded in the local context from the start of the project, to avoid that it becomes alien to the communities it intends to serve (Simanis & Hart, 2008).

Knowledge transfer and learning

In addition, participation and capacity enhancement should be promoted in order to enhance the management and leadership skills of the local communities. The MNC should strengthen the competitive position of its members by *strengthening key capabilities* (Reficco & Márquez, 2012). This enables the local community to influence and initiate new development programs without the support of multinational partners in the long run (Mena et al., 2010). For this training process, mutual learning is important. However, information transfer and sharing has been highlighted as one of the main challenges in BoP networks, as there is a need to capture ‘tacit knowledge’, which only specific stakeholders possess (Reficco & Márquez). Chatterjee (2009) mentioned to build a strategic leadership platform of acquiring and building new resources and techniques and capabilities to enhance communication. In the BoP protocol a similar concept has been described: the creation of a R&D White Space, in which linkages are made to corporate level resources and capabilities (Simanis & Hart 2008). In addition, knowledge transfer needs direct ties, so it is important that as many stakeholders are incorporated in the network (Reficco & Márquez). In addition, building trust enhances the knowledge transfer. For this, local employees could be assigned to strategic positions. In addition, MNCs should provide network partners with necessary resources (Schuster & Holtbrügge, 2012).

Managing conflict

Potential conflict may limit the efficiency and effectiveness of the alliance (Seelos & Mair, 2007). However, the inherent power asymmetry will create some incentives to self-restraint and

patience, as maximizing individual power will not result in defection to an alternative bidder (scarcity of adequate partners), but in the failure of the network-based initiative (Reficco & Márquez, 2012). In order to diminish the potential for conflict, network partners should understand

	Main Purpose	Key Challenges	Strategies
Piloting	Building a robust business model	<ul style="list-style-type: none"> Developing a compelling value proposition Establishing a critical link to the community Validating the feasibility of the model 	<ul style="list-style-type: none"> Deep listening & building effective partnerships Integrating respected locals into the model Designing representative pilots for larger scale-up
Rolling-out	Replicating the model in new geographies	<ul style="list-style-type: none"> Finding suitable growth areas Moving into unknown territory Adapting to local differences 	<ul style="list-style-type: none"> Identifying vital elements for successful replication Leveraging trust vehicles & word-of-mouth effect Focusing on process, not solution
Consolidate	Strengthening the viability of the business	<ul style="list-style-type: none"> Reaching critical mass Managing the network Taking the business to the next level 	<ul style="list-style-type: none"> Realizing through-put potential Building self-sustaining clusters Reviewing the model for further scale-up

Figure 3.3: Three dimensional process for scaling up at the BoP (Bachman et al., 2009, PowerPoint slides)

each other's strengths and weaknesses. For this, representatives of the partners should regularly meet. According to Reficco and Márquez (2012, p.535), producer associations or cooperatives should be set up, which could function as "a valid interlocutor in the negotiation table". In addition, longer term trust should be established between the partners by building capabilities for managing conflict and negotiation differences in the network (Simanis & Hart, 2008). An informal problem solving mechanism should be adopted including flexible routines of negotiation, problem solving and mutual adjustment (Reficco & Márquez, 2012). At last, to diminish the pressure from the political regime, "it is important to engage with *key decision- and policymakers* who shape national development and innovation agendas for the large-scale impact" (Dator-Bercilla et al., 2012, p. 53).

Scaling up

The anticipation on the longer term dynamics is necessary for the scaling up phase of the BoP project. Partnerships play an important role in the scaling up of BoP projects. Scaling up creates shared value for the partners as it increases the profitability of the project and enhances empowerment and skills of the partners by professionalization of the value chain. According to Bachman et al. (2009) only a few studies have researched the subject of taking a BoP venture to scale in relation to partnerships. Grootveld (2008) and Webb et al. (2010) have highlighted the need for the inclusion of a local player (i.e. local company or individual) from the early stages in the project, which could acquire skills and capabilities necessary for taking over the MNC activities in a later stage. Not all researchers agree on the withdrawal of the MNC in the later stages of the project. However, they do agree on the importance of continuously upgrading the capability and skills set of the local partners (Ramachandran et al., 2011). Ansari, Munir and Gregg (2010) highlight the importance of feedback mechanisms in the network between the different actors. In addition, the network should be extended so that a broader platform for the BoP innovation is created. This could be done by providing leadership and assistance to local entrepreneurs to build up a network of local companies, that could uptake the delivery and service of the innovation in the market (Chesbrough et al., 2006; London & Anupindi, 2010). Simanis and Hart (2008) refer to this as the creation of a robust platform, but note that there is no one size fits all model for the BoP. The platform should be highly adaptable across a wide range of local conditions. Their BoP protocol proposes a three phase process for scaling up. In this way, "each new business venture maintains continuity with the greater network and adds its own unique learning and insights to the network's knowledge base" (Simanis & Hart, p.41).

Another topic of interest is the need for standardization and professionalization in the value chain. Ramachandran et al. (2011) have pointed out that more consistency is needed in terms of quality. Based on case studies of micro-franchising, Chikweche and Fletcher (2011) show the importance of designing operating manuals and standards, quality control and marketing to allow for replication. Bachman et al. (2009) support this need for standardization by proposing a template for desirable and necessary qualities for scaling up, to be open for radical modifications resulting from differing BoP context. Four types of scaling up are identified: quantitative, functional, political, and organizational. In addition, a three dimensional process for the scaling up is developed on the basis of three case studies (see figure 3.3).

Step 5: Monitoring and evaluation

Another important step in the management of partnerships is the monitoring and evaluation. The former sections have briefly addressed the topic of establishing agreements on the progress of partnerships. These agreements should be measured and evaluated by means of monitoring. Researchers claim that there is a lack of appropriate monitoring technology. The success of poverty alleviation projects is often erroneously based on the number of tasks completed and milestones achieved, which is not suitable for BoP projects (Chatterjee, 2009). In addition, both the inefficient legal systems and the lack of information technology hamper monitoring and enforcement within the BoP (Kistruck et al., 2011).

Mindset change

First a managerial mindset change is necessary to move away from traditional evaluation methods to adopting the idea that the BoP needs sustainability-focused measures to achieve positive social impacts (Chatterjee, 2009). The monitoring should be influenced by a focus on sustainability and pro-poor development. It should understand the BoP context, “as operating in the BoP is much more complex than serving the high income segments” (Chatterjee, p. 140). First, particular social engagement principles should be set up to penetrate operations in the supply chain (Salamon, 2008).

Indicators

These principles can be monitored by key performance indicators (KPIs), based on inputs, activities, outcomes and impact. According to Mena et al. (2010, p.174), the role of indicators is plural: “To diagnose and describe problems in the project; to demonstrate and measure the incremental contribution of empowerment to the interests of the community development, business, and public sector governance; to instigate implementation and action by demonstrating how the involved partners can achieve capacity enhancement and empowerment in practice; and to increase accountability”. When establishing indicators it is important that policies are set up with prior consultation of an expert stakeholder group (Mena et al.). Some researchers have proposed (guidelines for) specific indicators and measurements. A selection is shown in Appendix B1.

Monitoring and evaluation

Establishing indicators is not sufficient. These indicators require a monitoring and feedback mechanism for continuous improvement (Chatterjee, 2009). However, it is stated that there is a lack of appropriate monitoring technology for BoP projects, as it is difficult to monitor and assess non-market or small local partners. There is a bias towards evaluating individual compliance in the value chain, whereas local individual BoP partners are not always able to comply with the standards, because of their restricted resources (Danse & Vellema, 2005). Therefore, Danse and Vellema (p.46) propose, based on a case study, “to embed ... a combination of monitoring, certification and information services in a wider institutional transformation, affecting rules and institutional arrangement in the supply chain”. They highlight the importance of institutionalization within BoP projects to support the enforcement of monitoring. According to Chatterjee the system should consist of internal control systems that stimulate continuous

improvement. Also risk based monitoring systems could be used to enhance the learning capacity of the partners in the BoP Network in order to improve the quality (Danse & Vellema). In addition, Ramachandran et al. (2011) point to the incorporation of independent standards in the value chain, which enhances transparency. Moreover, Mena et al. (2010) state that the inclusion of governments and NGOs in the BoP network will function as an extra control and monitoring mechanism. However, case based research on this topic is still lacking.

Conclusion | Sub question 4:

‘How are partnerships between the MNC and external parties designed and managed in the literature?’

This section has shown that it is difficult to provide specific guidelines on partnership practices in the BoP, due to the high “context sensitivity” of BoP projects and the variety of partners that could be part of a BoP network. However, some general lessons can be learnt. The literature highlights that individual partners should change their mindset before engaging in partnerships. It is important to establish individual goals and gain support for the partnership, but also to examine the characteristics and potential goals of the partners. This helps the partners to step out their traditional mindset when engaging in partnerships and focus on shared objectives. Transparency is key to the process of establishing shared goals and dividing roles and responsibilities. This should be enforced by the usage of indicators and metrics linked to the partnership goals. However, in the literature there is no consensus on the division of roles and responsibilities of the MNC within a BoP project, except that the actual target groups should be involved right from the early design stage in order to create a strong local support base which is the key to long term project sustainability. Some researchers assign a more facilitating role to the MNCs, whereas others highlight the central position of MNCs. What is clear is that in order to create longer term commitment of the partners control should be shared and incentives should be provided. However, the instability in the institutional context of the BoP and the inherent power asymmetry between the partners create potential for conflicts. Important for this is the diminishing of risks by building trust. Although the word ‘trust’ excelled by its total absence in the T-Lab analysis, it holds a prominent position in the literature. In addition, knowledge transfers and capability building of partners is key to longer term success of the partnership. Finally, monitoring and evaluation increases transparency and compliance and is the basis for ongoing mutual learning. However, the BoP literature does not go into detail in the monitoring and evaluation techniques. In addition, it remains on the surface of what the specific influences are of issues as information asymmetry and moral hazard in BoP partnerships (McMullen, 2010). This could be explained by the fact that most literature on the longer term dynamics is written on the basis of expectations rather than experiences, partly because the BoP literature is still in its infancy. More case-based research should be conducted on the management of partnerships in the long run. The next section, the interpretations, highlights the other gaps in the BoP literature regarding partnerships.

3.3 Interpretations: confirming the literature gaps

The results of the literature analysis provide a thorough overview of the state of the art of partnerships within the BoP literature. This provides insights in the current gaps of the literature. These gaps are partly highlighted by the authors themselves. For example, Seelos and Mair (2007, p.51) state that “existing research does not provide insights into how all the ingredients, capabilities, resources, and partners should be managed and assembled within a given context in order to create value”. This quote exemplifies the main gap in the literature. The BoP partnership research is biased towards the first phases of engaging partnerships, e.g. identifying partners; initiating partnerships and aligning goals. The overall stance on the following stages, e.g. the management of partnerships and the longer term dynamics, remain more superficial. This is partly explained by the immaturity of the BoP literature (emerging since 2002) and the lack of longitudinal case-based studies. But it is also symptomatic of a bias towards a short term focus in BoP partnerships, not anticipating on longer term challenges. In this section the gaps identified in the BoP literature are briefly discussed.

3.3.1 Radical versus existing business models

There is no consensus in the literature about what the best practice is for setting up a business model. On the one hand, some researchers state that the BoP requires radical new business models (e.g. Hart, 2007). On the other hand, drawing upon existing business models used by local partners could be the optimal way to leverage existing company capabilities (e.g. Seelos & Mair, 2007). These two contrasting approaches influence the role and the degree of power different partners have in the BoP network. Especially for the MNC, they create a different starting point.

3.3.2 Entering from the ToP or at the BoP?

Related to the subject above is the consideration in the literature whether MNCs are able to directly enter the BoP areas in a country or should first get acquainted with the higher income markets in the same country (e.g. Simanis & Hart, 2008). With the experience and built reputation and ties in the higher market segments, MNCs could be more successful in the BoP. However, there is no consensus in literature whether prior reputation from high end markets would benefit or deter operations in BoP markets. In the literature, no strategies are provided for MNCs that start a BoP project from their position in the ToP market of the same country.

3.3.3 Shareholders as stakeholders

A wide variety of partners are identified in the literature. However, the literature seems to ignore a group of stakeholders that becomes important especially in the long run: the investors. Although they are only indirect related to the partnership, they have significant influence on the goal-setting of actors. For MNCs, this group comprises the shareholders, who indirectly influence the investments and management of the MNC. Similar to corporate social responsibility initiatives, a protracted investment cycle is necessary for BoP projects, which draws against the volatile nature and short term returns-focused mindset of many corporate shareholders. An often mentioned

question is, “how can companies serve their shareholders while committing to increasingly serve low-income consumers?”(Budinich, 2005, p.10). High pressure for return on investment could shift the focus of MNCs away from BoP projects. This negatively influences the longer term commitment from MNCs to BoP projects. In addition, also NGOs could struggle with their donors. This issue is briefly addressed by McMullen (2010). Most NGOs are dependent on the funds of their (international) donors. These donors could be opposed to NGOs participating in BoP projects, as they are inherently skeptical about the real contribution that the private sector is able to make to the alleviation of poverty. In addition, the interests of those donors could be heavily influenced by the uncertainties of (international) development policies, which are subject to periodical swings in “development fashions”. This instability puts pressure on the sustainability of a BoP project.

3.3.4 Influence of donor country policies

Another missing stakeholder in the BoP literature regarding partnerships is the government of the country of origin of the MNC. State government policy could also put pressure on the (sustainability) practices of MNCs. This influences the longer term commitment of MNCs to BoP projects. In addition, development policies are more and more integrated with trade policies (e.g. the Ministry of Foreign Trade and Development Cooperation in The Netherlands; Economic Partnership Agreements) resulting in development initiatives with both social and economic goals that could prove mutually incompatible. However, a public private partnership with the state government of the home country could also be beneficial in certain circumstances, as the latter possesses reputational capital and ties to substitute for institutional gaps.

3.3.5 Cooperation with private parties

Most literature is focused on cooperation with NGOs and local small parties. However, there are upcoming private parties that are active in the BoP as well, such as SMEs and social entrepreneurs from outside the BoP and local large companies and multinationals. It should be researched further whether these upcoming parties possess complementary capabilities for BoP initiatives. In addition, cross sector cooperation with other MNCs originating outside the BoP participating in BoP projects has not been discussed. As these MNCs probably encounter the same challenges in the BoP project, partnering up could lead to the sharing of knowledge and best practices.

3.3.6 Maintenance and after sales service

The literature does not discuss the topic of maintenance and after sales services in relation to partnerships. Maintenance and after sales services play an important role in the sustainability of the business model of the BoP innovation. Without sufficient local service delivery the value chain will remain dependent on (inefficient, costly, or unreachable) global service delivery. Especially local partners could play an important role in these downstream supply chain services. The maintenance and after sales service is a familiar problem when operating in new markets, as new knowledge for repair and maintenance is often not locally present. Often, responsibility for these functions remains undefined as well, so that it is unclear which party in a partnership should

take action for which problem, and who can and should be held financially accountable. Problems with enforcement of contracts can also play a role in weak institutional settings. More research should be done on how BoP partnerships can be designed and managed so as to ensure efficient maintenance and after sales service for BoP innovations, which are also financially rewarding for those who provide these services.

3.3.7 Division of responsibilities in the long run

The maintenance and after sales services issue highlights a more general research gap: the BoP literature is not clear about the division of responsibilities in the long run. Many researchers reason from the perspective of the central MNC, neglecting the potential role of other chain partners. The division of roles and responsibilities depends on the MNCs level of integration in the BoP project. There is no consensus on whether MNCs should purely play a facilitating role from the beginning; or draw back gradually from a central position; or remain actively involved in the BoP project in the long run. In the first two options, other chain partners should be able to take the leading role in the project, which could be supported by training. However, the question remains whether an MNC is willing, or even able to fulfill a “subordinate” role in a business project. In addition, a business model is necessary that enables the MNC to still benefit from the project, after the MNC has withdrawn. The business model should be able to process these dynamics, for example in the form of franchising or service and delivery or scaling up. Attention for these models is still in its infancy in the research.

3.3.8 Monitoring BoP network performance

Many researchers raise the issue of adequately measuring the social goals of the BoP project. Although some efforts are made to set up indicators for BoP success, they do not seem to be effective. Either they only measure general progress, or they draw upon measurement techniques for traditional business projects aiming to measure individual performance, for which no data is available in the BoP. These individual measurements will be difficult to obtain due to the non-market character of some actors. The small size of the often informally organized partners and their inexperience in business projects require specific evaluation and monitoring techniques. This difficulty of performance measurement of partners in developing countries (e.g. World Bank) is addressed in the development literature and should be taken into account in BoP projects as well. The concept of creating shared value in the chain would provide a solution as individual goals would be fully aligned to shared project goals. However, fully neglecting individual performance measurements could take away the motivational element of evaluation, resulting from positive or negative reinforcement on the progress. Therefore, a continuous monitoring program is necessary to stimulate continuous improvement and learning in the whole value chain. In this way, the necessary cycle of planning, doing, acting and checking is closed. Currently, there seems to be a lack of this approach in the BoP literature. Lessons could be learned from development studies (e.g. Bajgain, Shakya, & Mendis, 2005) or business literature (e.g. Porter, & Kramer, 2011). In addition, more research should be conducted on which party should be responsible for the monitoring system. This could be an independent auditing party or an NGO, which has a lot of

experience in BoP project, or a shared responsibility of the BoP network. More research should be conducted on this topic.

3.3.9 Termination of partnerships

An important aspect to take into account in the research for the failure of partnerships is that some partnerships could have served their purpose after a period of time. Not all partnerships need to have a long term, infinite character. Some actors could be useful for the first phases of a BoP project, but have no added value for the scaling up phase. If this is not considered in the starting phase of the partnership, the risks could exist that partnerships are unnecessarily preserved wasting scarce resources and inhibiting processes of decision making and capacity building for independent functioning of local BoP actors, due to overabundance of actors remaining involved. Therefore, more focus should be put on exit strategies of partners, including the MNC itself. It should also be researched whether it is necessary to include termination clauses when establishing a partnership in order to increase the transparency in partnerships and to prevent malfunctioning of partners.

3.4 Final conclusions

This research has provided insights into the state of the art of partnership practices in BoP projects as discussed in the academic BoP literature. When drawing conclusions it is important to keep in mind that not all researchers are clear in their research about which results are supported by empirical findings, evidence based, and which comprises solely theoretical hypotheses, which could be sometimes informed by a certain degree of normativity as well. The relatively prescriptive character of the literature is certainly noticeable. Many statements, especially about managing longer term dynamics in BoP partnerships, comprise predictions and hypotheses, which need to be tested in practice. The lessons to be learnt are not concretized. This explains the use of the words such as “should” or “seem” in this thesis. More research is recommended on this issue. More case based experience and practical guidance could be found at research centers as the BoP Innovation Lab and the Partnership Resource Centre. In addition, gray literature, such as reports from concrete BoP projects, provides more practical guidance.

Even so, the literature findings provide a good insight in the gaps surrounding partnership practices. In chapter 4, it is aimed to complement the BoP partnership literature with strategic alliances literature within the field of management sciences. In essence, a BoP partnership is a special type of strategic alliances with one or more non-profit actors. Both collaboration practices have the aim to optimize the creation of shared value (e.g., innovation, R&D, or profit), but BoP partnerships do also incorporate social goals. In addition, the strategic alliances literature underwrites the difficulties between two parties originating from a different context aiming at a shared, often challenging objective, without mergers or acquisitions taking place. As the strategic alliances literature is a mature academic strand, this literature might contain case-based lessons for the management practices of longer term dynamics within strategic alliances.

Chapter 4 | Strategic Alliances literature review

As the literature review has revealed, the research focus is on the first phases of the partnership processes, e.g. the identification of partners, aligning of goals and assigning of roles. Many tips are given and they are based on cases and experiences in BoP projects. However, the further along the project, the less concrete the lessons are becoming in the literature. There is a lack of research on the longer term management of BoP partnerships. The perception that longer term negative dynamics may occur is often based on expectation following from conceptual research (e.g. Rivera-Santos, Rufin, 2010), as there is a lack of longitudinal case based research. As many other types of development project partnerships and strategic alliances fail due to mismanagement of longer term dynamics, insights from other academic strands are of added value to create more insights in the longer term dynamics (e.g. Duysters, Van den Oord, & Post, 2005). Strategic alliances literature is one of the academic strands to which the BoP literature often refers and which is inherently related to partnership practices. Therefore, this chapter seeks to draw partnership lessons from the strategic alliances literature. It briefly explains the concept of strategic alliances and illustrates the added value for partners. Hereafter, the most important dynamics in alliances resulting from the literature are discussed followed by the tools that are used to manage these dynamics.

4.1 Methodology

In the BoP literature many references are made to the strategic alliances literature. (see table 3.3 of chapter 3). Researchers claim that many lessons could be learned from this literature strand (i.e. Schrader et al., 2012). As it is a large strand, a selection of articles is made based on the insights of experts in the field of strategic alliances of Eindhoven University of Technology (see Appendix C1). These articles comprise an introduction to the strategic alliances literature with a focus on international alliances.

4.2 Results

“While it seems obvious that strategic management would be applicable in this case, it should allow a critical analysis on the applicability as well as the need for further theory development”
(Schrader, Freumann, & Seuring, 2012, p.282).

Every alliance is unique because of its specific internal and external influences. In addition, most strategic alliances literature is focused on private-private partnerships, omitting alliances involving government agencies or universities (Osborn & Baughn, 1990). Moreover, the strategic alliances

experts of Eindhoven University of Technology argued that managing longer term dynamics is still a research gap in the strategic alliances literature as well, as longitudinal case based studies are rare. So the lessons will be more of a conceptual nature. These constraints should be taken into account when analyzing the results. However, the literature used in this chapter comprises only the tip of the iceberg, There is much more to be learnt by adopting a strategic alliances perspective, as one could focus on specific alliances that resemble BoP partnerships, such as cross sector alliances or public-private alliances. This is a recommendation for further research

4.2.1 Definition of strategic alliances

A strategic alliance is a partnership between two or more partners in order to achieve a common objective, in which the parties remain independent organizations. A BoP partnership could thus be seen as a special type of strategic alliance, as it also has non-financial goals, particularly poverty alleviation. During the years the perspective on strategic alliances research has changed. According to Cloudt (personal communication, November 1, 2012), a shift took place from a focus solely on dyadic alliances (creating a win-win relation) towards the alliance process (internal capabilities and alliance strategy). In order to analyze the process, researchers started to use network theory (i.e. weak and strong ties) and learning perspectives (i.e. experience and capabilities building for alliance management). From that a portfolio management approach is introduced (the position of alliance in the overall company strategy). This evolution in perspectives on alliances has also influenced the alliance typology. Alliances could be divided into joint ventures, equity and non-equity forms, such as contractual arrangements and strategic supplier relationships. The preferred form of alliance is linked to the phase of the product life cycle, in which a project is positioned, and the level of technological change in industries is integrated (Duysters et al., 2005; Hagedoorn, 2002). Moreover, in some sectors international alliances are more important than in others. Important subjects of strategic alliances literature are interorganizational competitive advantages; interorganizational governance; interfirm knowledge transfer; strategic technology partnering.

4.2.2 Management of strategic alliances

In the literature it is highlighted that the form of the alliances influences the form of management. Alliance forming could be seen as a staged process. Doz (1996) conceptualizes “the initial phase as the interaction between four initial conditions (task definition, partners’ organizational routines, interpartner interface design and partners’ expectations) and five learning processes, or learning dimensions: environment, task, process, skills and goals” (Doz, p.79). Duysters et al. (2005) have designed a handbook for strategic alliances including an alliance strategy consisting of five stages (see figure 4.1).

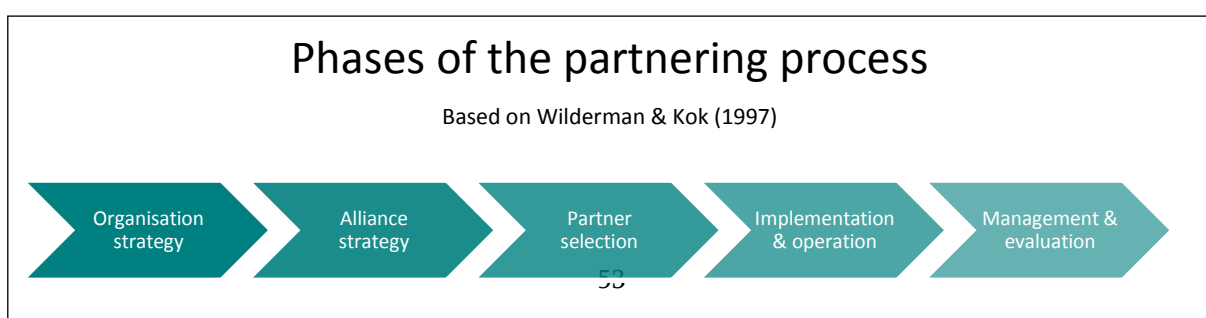


Figure 4.1: The process of alliance forming (Duysters, Van den Oord, & Post, 2005)

4.2.3 Importance of alliances

Researchers assign high value to alliances in an organization, resembling the enthusiasm of partnerships in the BoP literature. Strategic alliances would be of vital importance to a company's competitive survival (Saebi, Dong, 2009). They are the most important instrument for the growth and development of the organization, according to Duysters, et al. (2009). The advantages of alliances are faster market entry, access to industries and partners' resources, facilitation of global expansion, learning, lower cost, flexibility and institutional support. Alliances would benefit organizations that are subject to environmental changes that require improvements in their knowledge and capabilities (Osborn, Hagedoorn, 1997). Related to BoP markets, SadreGhazi and Duysters (2009) state that networks of partnerships in emerging markets are viable for low prices and volumes. Partnerships create an understanding of the requirements and needs in a different context and are therefore necessary to operate in different contexts (SadreGhazi and Duysters, 2009).

4.2.4 Potential failures within partnerships

However, the potential synergy effects of alliances can be actualized rarely: failure rates up to seventy per cent come as no surprise to many practitioners ((Saebi, Dong, 2009, p.80). According to Osborn and Baughn (1990, p.503), international partnerships are "notoriously unstable, prone to failure and at best, difficult to govern". The question is why do alliances fail? Given the diversity in alliances, researchers have provided some reasons for failure. The explanations are either focused on internal management failures (within a partner) or on the mismanagement of the relationship between the partners (inter management). By taking different perspectives, i.e. a multidimensional, evolutionary or network view on alliances, more insights are created in the constraints an organization endures in its relations with partners (Doz, 1996; Gulati, Nohria, Zaheer, 2000; Osborn, Hagedoorn, 1997).

Dynamics / Internal management

In the longer run, tensions can arise because of internal dynamics. *Internal objectives* of one of the partners could no longer match with the objectives of the partnerships due to change of focus (Dyer, Kale, Singh, 2001). In addition, a partner could not have the *required resources* for later stages of the project, such as scaling up. This is either the result of a miscalculation at the beginning of the alliance, or an inability to mobilize internal resources within an organization to support the alliance (Dyer et al.). Motivation for the partnership diminishes because of for example persistent *uncertainty* about the stability and profitability of the alliance. In addition, uncertainty could result from the increasing non-transparency within an organization about the partner's objectives. Duysters et al. (2005) highlight the risk of an overly optimistic view on the partner, even when it is obvious that there is no trust and support within the management of the collaborating parties. The underlying problem is that of *responsibilities*. There is no responsible alliance promoter for the partnership within the organization, who is responsible for the creation and maintenance of internal support for the alliance. All these internal management dynamics are influenced by the centrality of the alliance to the partner's core strategy and technology (Osborn, Baughn, 1990). In addition, the *level of experience* of a partner in managing alliances determines

the ability to create value through alliances (Annand, Khanna, 2000). Doz (1996) and Duysters et al. connect the lack of *ability to learn and negotiate* within companies to failure of alliances. Sometimes there is little or no learning in cognitive understanding and behavioral adjustment, when expectations are frustrated in a partnership (Doz).

Dynamics | Management between partners

Much failure is also due to *bad teamwork, communication* problems and complexities surrounding knowledge transfer between the alliance partners (Annand, Khanna, 2000; Duysters et al., 2005). The underlying reasons for this is that partners *keep using their own usual organizational and cultural routines* within partnerships, which are embedded in the institutional environment, cultural heritage, and level of economic development of their specific nation (Saebi, Dong, 2009; Doz, 1996). This could lead to incompatibility in communication, objectives and intentions. In addition, the *size of the different partners* in an alliance influences the concerns of the partners, i.e. a large partner increases the importance of the alliance to the overall strategy (Osborn, Baugh, 1990). In addition, the *degree of ownership* could determine the degree of control within a partnership (Duysters et al.). Sometimes '*control*' is *mistakenly dominated* above cooperation and trust, which leads to weak operational integration (Duysters et al.). Larger companies do not always have a real advantage over small local organization, as they are not able to compete with the costs or responsiveness of local entrepreneurs (SadreGhazi and Duysters, 2009). Another dynamic is the appearance of *opportunistic behavior of partners* which leads to increasing coordination costs (Duysters et al.). In addition, the competition and fear of knowledge spillovers are inhibiting factors for the success of alliances (Duysters et al.).

4.2.5. General context challenges

Besides internal factors within the partnership, also external factors influence the success of a partnership. Dolfsma, Duysters, Costa (2009) show the importance of the social, political, and economic context for partnerships. As a result of globalization the world consists of interdependent (emerging) markets that are influenced by international treaties. Also new perceptions arise on international activities of organizations. For example, the notion of foreign ownership should be taken into account, as it has impact on the innovation level of the host country. 'Multinational activity is considered to be largely a force for positive change and a means to promote economic progress' (Narula, 2009, p.75). However, there is no consensus on whether foreign direct investment (FDI) has a positive influence on the host country. National governments play an important role in creating the stance on FDI by pushing internationalization with subsidies or setting up barriers for foreign investors. Narula states that these kinds of perceptions should be taken into account when MNCs would like to partner up. Another influencing factor is the difference in institutional context from the country of origin of the alliance partners, the institutional distance. The institutional context is shaped by values, norms, and the economy. Organizations need to adjust their strategies to the requirements of the institutional context of the alliance (Arslan, Larimo, 2011). For example, an unstable economy hampers the estimation of the value of economic transactions and levels of risks (SadreGhazi and Duysters, 2009). Arslan and Larimo have set up hypotheses to link the optimal alliance mode to

the degree of institutional distance. High informal institutional distance and risks, as well as high international experience, result in a preference for greenfield investments. Greenfield investments would provide possibilities to integrate the subsidiaries better in the investing firm’s organizational culture (Arslan, Larimo).

Besides the institutional context, also the sectorial context influences the alliances. Technological instability within the sector to which the alliance belongs, influences the preferences for the form and type of the strategic alliance (Hagedoorn, 2002; Osborn, Baugh,). An unstable sectorial environment would lead to a preference for contractual management (Hagedoorn).

4.2.6 Management tools

In the literature solutions are put forward to avoid failure of alliances. It is highlighted that an alliance should be seen as an evolutionary process, so that a partner should constantly adapt to the new circumstances (Doz, 1996; Osborn, Hagedoorn, 1997). In the Strategic Alliance Handbook by Duysters et al. (2005) the characteristics for well-structured alliances are provided (see table 4.1). They are focused on partner selection and management, strategic function, evaluation tools and learning and experiences. The management solutions for failure are briefly discussed based on these categories.

Characteristics of well-structured alliances
• Critical drives (complementary strategic and operational drives)
• Strategic synergy (complementary strengths)
• Good chemistry (shared cooperation culture)
• Win-win (honest division of operation, risks and returns on investment)
• Operational integration (compatible execution and management styles)
• Opportunities to growth (increasing chance for success)
• Strong focus (concrete goals, time schemes, responsibilities and measurable results)
• Commitment and support (leadership and top and middle management support)

Table 4.1: Characteristics of well-structured alliances (Duysters, Van den Oord, & Post, 2005, p. 11-12)

Partner selection and management

Partner selection should be based on an analysis of the strategic motives and shortcomings of potential partners. It should be acknowledged that there are differences between partner organizations in order to overcome initial differences in expectations. Saebi and Dong (2009) state that this creates insights in the compatibility of the partner and avoids premature and unfruitful termination of alliances. Hereafter, common objectives should be formulated in which the amount and power of motives of all partners are maximized (Duysters et al., 2005). The issue of information valuation - partners cannot know the (future) value of information gained in the partnership - requires flexibility in the alliance. In the strategic handbook (Duysters et al.) also the importance of a clear division of tasks is highlighted: only one responsible party should be assigned to a task. In addition, it should be clear from the beginning, when the alliance can be terminated or adapted.

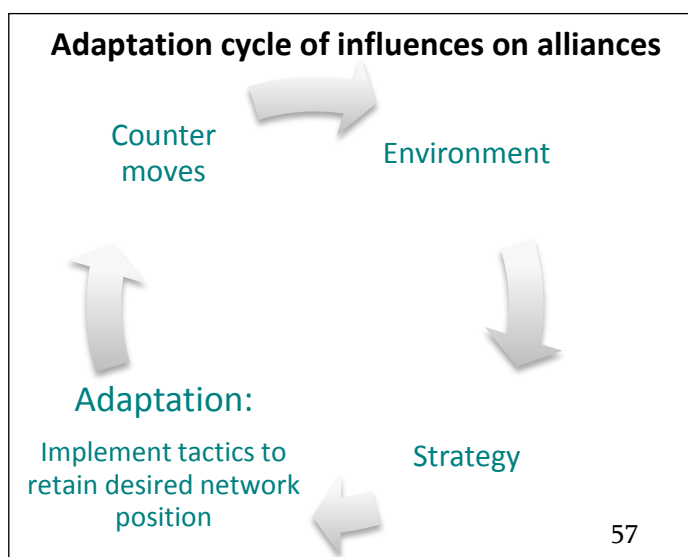
Strategic function

As the longer term dynamics in alliances already showed, internal mismanagement is one of the causes for failure of the alliance. Therefore, the internal strategic function within each partner should be organized properly. A partner should conduct an internal analysis and research the risks and output of the alliance. Dyer et al. (2001) state that a dedicated strategic function improves the

knowledge management; increases external visibility; provides internal coordination and facilitates intervention and accountability. For this, key strategic parameters should be identified and the exchange of knowledge should be facilitated. In addition, it is pointed out that the form of the alliance could determine the amount of organizational learning. “Non-equity forms may promote reciprocal information exchanges, whereas equity forms are more likely to stress issues of control” (Osborn & Hagedoorn, 1997, p.270). In addition, Dyer et al. state that the strategic function should be located at an appropriate level of the organization. It should be clear what the importance is of the alliance for the overall strategy of the partner. In addition, within the organization an alliance promoter, manager and operational team should be assigned in order to create a platform for the alliance. At last, also the dynamic character of the alliance should be taken into account. “The governance form of an alliance is likely to change as the value of a particular activity to overall firm’s strategy changes” (Osborn & Baughn, 1990, p.515). The strategic function should thus be adapted to changes. For this, an evolutionary network perspective could help to better understand the dynamics and evolution, because insights are provided with reference to the concept of lock-in of organizations into dominant patterns. Also the costs of contracting and coordination can be influenced by viewing each transaction as a network event.

Evaluation tools

One of the tasks of the strategic function is to facilitate intervention and accountability. Dyer et al. (2001) state that alliance metrics should be developed and the performance of the alliance should be systematically evaluated. It is a must to continuously track the alliance developments. Duysters and De Man (2002) have created an adaptation cycle to show that the changing environment influences alliances and that this requires continuous adaptation of the alliance strategy to retain the network position of the alliance (see figure 4.2). Alliance evaluation tools are the most important tools for increasing alliance success (De Man & Duysters. 2007). These could be tools for individual evaluation, joint evaluation, alliance metrics and cross alliance evaluation. The alliance handbook (Duysters et al., 2005) highlights that the evaluation criteria should be established in the starting phase of the partnership. These criteria should be focused on both input and output. “Especially for alliances in new markets or products the input criteria are important because of the scarcity of information and the difficulties to interpret it” (Duysters et al., 2005, p. 39).



Learning and experiences

Experience with alliances will create insights in the do’s and don’ts in partnerships for the organization. According to De Man and Duysters (2007), it is of vital importance for a partner to use the experience and implement best practices. They state that using best practices could raise the success rates to almost 50% (De man & Duysters). For this an explicit learning

Figure 4.2: Adaptation cycle of influences on alliances (Duysters, De Man, 2002)

mechanism is necessary that is supported by the partnership management (Duysters et al., 2005). A focus on learning to manage alliances is a strong predictor of alliance success, as it allows for evaluation on the basis of perceived efficiency, equity and adaptability (Doz, 1996). As alliances evolve over time, learning cycles should change as well on the basis of reevaluation and readjustment (Doz). This shows that an evolutionary perspective is necessary.

4.3 Conclusion: Lessons to be learnt for BoP partnerships

This chapter has shown that many of the challenges that exist in BoP partnerships exist in strategic alliances as well. However, the research on strategic alliances is further developed, which leads to more evidence based insights in management of dynamics in alliances. In spite of the focus on private-private partnerships in western context, the strategic alliances literature provides some input for filling the research gaps in the less empirically grounded BoP literature.

Regarding the first phases of a partnership, the strategic alliances literature highlights the importance of the assessment of the objectives and capabilities of the potential partners to diminish risks and uncertainties. In addition, it confirms the need for a change of mindset by the individual partners, as incompatible organizational routines would otherwise lead to failure of the partnership. It should be taken into account that the perceptions of the partners are influenced by their institutional context, which could be very different from each other. This is especially the case in alliances in new emerging markets, to which BoP partnerships belong as well. Secondly, lessons could be learnt to lower the risks of diminishing shareholder support. The key to this is the establishment of an adequate strategic function within the organization that shows the overall importance of the partnership to the organization's core functions. An alliance promoter and manager should be appointed that are responsible for the creation of internal support. In addition, the strategic function should be adapted to changes, as partnerships are continuously influenced by the strategic and institutional context. Therefore an evolutionary view on partnerships should be taken. This matches with the focus on flexibility in BoP partnerships. Roles and responsibilities should be continuously adapted to the external influences in order to retain a strong partnership. The alliances literature also provides specific evaluation tools that should be used for monitoring. Important is that these tools are implemented from the start of the partnership.

However, a drawback of the strategic alliances literature is that it assumes a professional partner that is well-organized. Many of the partners in a BoP project are small and not organized and do for example not have the capabilities to set up a BoP project department. In addition, these partners are strongly embedded in local structures (i.e. institutional and cultural), so they could act less independently. The scope of a BoP partnership far outreaches the relationship of two partners. This is illustrated with the inclusive business aspect of BoP projects. This shared value view is less prevalent in the strategic alliances literature. However, it is slowly enlarging its scope towards these perspectives. For example the value chain approach also takes non-financial goals into account and there is a growing amount of literature on cross-sector partnerships. This makes the strategic alliances literature increasingly better applicable for BoP projects.

Part 2: Practical Insights from a Survey

Chapter 5 | Survey Research

The literature review has provided a thorough overview of the common academic stance on partnerships practices in BoP projects. Because it is more often than not the case that the literature lags behind the practice, empirical research of primary sources could be of added value. In this chapter, the validity and relevance of the literature findings on the BoP partnerships are further investigated by conducting a survey study among professionals with experience in BoP projects of different backgrounds. An overview of the most important findings could be found in table 5.1. In this way it could be established whether the findings from the literature are supported by the views and experiences of professionals. In addition, new insights from practice could complement the current literature and guide further research in order to fill in the current research gaps in BoP partnerships.

5.1 Methodology

Empirical research design

An online survey is conducted in order to reach a broad varied public. The survey has a qualitative design and contains both closed (36), partially open (14) and open (11) ended questions that are based on the findings from the literature review of chapters 3 and 4. Table 5.1 has summarized the most important insights and gaps.

	Most important findings from the literature review that are also probed in the practitioners survey
Current literature stance	<ul style="list-style-type: none"> • A shift in BoP literature has taken place from BoP 1.0 (BoP as consumer) to BoP 2.0 (BoP as value chain partner, targeting at inclusive business practices) • Partnerships are of vital importance for the success of BoP projects as they expand the limits of partners; provide access to key inputs; create legitimacy and trust in the BoP; overcome external market deficits and geographical isolation; enable the sustainability of the BoP project
	<ul style="list-style-type: none"> • Variety of traditional and non-traditional actors identified as important partners for MNCs, varying from the local community, civil society, private and governmental sector. The Importance of partners heavily depends on the BoP project, but NGOs are the most important.
	<ul style="list-style-type: none"> • Many unique capabilities assigned to the identified partners, which could contribute to the sustainability of the BoP project
	<ul style="list-style-type: none"> • The BoP partnership process consists of at least the stages, but continuous adaptation is necessary: <ol style="list-style-type: none"> 1. Identification and assessment of partners and their capabilities 2. Aligning of individual goals and establishing shared objectives 3. Dividing roles and responsibilities 4. Managing the partnership (in the longer run)
	<ul style="list-style-type: none"> • For the identification of partners a mindset change within partners is necessary (e.g. organizations and cultural routines)
	<ul style="list-style-type: none"> • For the alignment of goals: building trust, creating shared value and mutual interest, transparency, flexibility & adaptation, setting metrics and long term vision are important
	<ul style="list-style-type: none"> • For the division of roles and responsibilities shared ownership and a transparent division are important
	<ul style="list-style-type: none"> • For the management; sharing control, providing incentives, facilitating knowledge transfer (e.g. protocols & guidelines), learning, M&E, anticipation on longer term dynamics (conflict resolution) are important
	<ul style="list-style-type: none"> • Failure of partnerships depends both on the internal mismanagement within partners and the mismanagement between partners
	<ul style="list-style-type: none"> • For the internal management of partnerships within organizations, direct ties with top management are necessary • There is a lack appropriate M&E mechanisms for the BoP

Gaps in the literature	• More general insights in partnership practices, but partnership practices in the BoP are very context/project dependent
	• Generalization within certain partner groups: Poor (rural vs. urban) , NGOs (local vs. international)
	• Lack of case based longitudinal research on BoP partnerships
	• No consensus whether MNCs should draw upon existing business models of local partners or build radical new business models
	• Unclear at what stage of the BoP project the different partners should be involved in the BoP network
	• No attention for partnerships between MNCs and large private partners, both in or outside the BoP
	• No attention for partnerships for maintenance and after sales services of BoP innovation
	• No consensus on the level of flexibility/required adaptation within BoP goals
	• No consensus whether the objective of quick returns should be eliminated in BoP projects
	• No consensus on the strategic location of BoP projects/partnerships in MNCs (CSR or philanthropy program or separate business unit)
	• No consensus on the required level of dependency of partners in BoP projects
	• No consensus on the position of MNCs in the long run (withdrawal, facilitating role or central role)
	• Not enough attention for the influence and management of longer term dynamics within BoP partnerships (e.g. influence of international or donor country trade and development policies; change in power (in) balance between partners; diminishing support of shareholders and donors; malfunctioning of partners)
	• Lack of appropriate M&E within weak institutional context, especially KPIs for social and environmental goals; shared network performance
• No consensus on the influence of the withdrawal of partners or the termination of partnership (e.g. termination or adaption clauses in partnership agreements)	

Table 5.1: Summary of literature findings that are tested in the survey

Some questions probe the practitioners' opinions and experiences related to specific literature findings, while others are designed to fill the identified research gaps in the literature. The online survey took approximately twenty to thirty minutes to finish, as some questions are optional to fill in for the respondents. The survey was divided into five parts, which created a navigational path in the survey:

- *Part 1: Background information of the respondent and BoP project*
- *Part 2: Entering the BoP: Identification and assessment of possible partners*
- *Part 3: Setting up the BoP project: Aligning goals and assigning roles*
- *Part 4: Longer term dynamics within the BoP project*
- *Part 5: Evaluation and Monitoring*

This division is based on the literature review. Part 2 addresses the findings of sections 3.2.1 and 3.2.3 about the importance of partnerships and the added value of separate partners. Part 3 incorporates the findings of section 3.2.4, aiming at the challenges in creating shared goals. Parts 4 and 5 are based on the findings of sections 3.2.4 and 3.3 and aim to probe the identified gaps within the longer term management of BoP partnerships and complement them with new practical findings. Also some questions are added to ascertain the applicability of strategic alliances literature (chapter 4.)

Every part starts with a few propositions (27 in total) that are based on the literature review findings and gaps. Respondents are asked to indicate their level of agreement on the proposition. The open and partially open ended questions are targeted at the experience of the respondent in BoP projects. Some questions are project specific. For this, the respondents are asked to select one BoP project of his/her experience for choice to base the answers on. The whole survey design could be found in Appendix D1. In order to ensure the reliability and validity of the survey, the survey was corrected by two BoP experts and hereafter tested by two graduated master students.

Hereafter, it was sent out to thirty selected respondents from the network of the researcher. The researcher considered that those respondents would fall within the scope of “BoP professionals”. As the researcher herself chose the people to approach, the sampling technique is non-random. The problem of nonresponse bias with an internet survey is combatted with a personal invitation with a pre-notification to the survey. The respondents were asked to approach their network for possible respondents. In addition, the survey was posted online on the linked in page of Base of the Pyramid. From the thirty respondents directly approached and their network partners indirectly approached, nineteen respondents finished the survey. These respondents represent a variety of backgrounds. The details about the survey and its sampling process are summarized in table 5.2.

Summary Survey research design	
Survey design	<ul style="list-style-type: none"> - Online qualitative survey - Both open, partially open ended and closed questions divided into 5 parts - Both required and optional questions - From the closed questions 27 are propositions based on a likert scale with rating scale of five points with only beginning and end point (strongly disagree – strongly agree) - Duration: +/- 20 minutes
Population / Target audience	BoP Professionals with different backgrounds, which means: <ul style="list-style-type: none"> - Experience in at least one BoP project in which an MNC is involved - Sufficient insight in collaboration practices within the BoP project - Active in a public, private, civil society or research environment
Sampling	
Sample selection of respondents	<ul style="list-style-type: none"> - 30 respondents directly approached from the network of the researcher - Unknown number of respondents approached from the network of the invited respondents: respondents were asked to forward the survey invitation to colleagues they thought were suitable for participating in the survey - Survey invitation posted on members only Linked In “Base of the Pyramid website” to which BoP professionals are subscribed: (http://www.linkedin.com/groups/Base-Pyramid-BoP-98673/about)
Final sample size of the survey	<ul style="list-style-type: none"> - 20 respondents have completed the full survey, from which one survey was of less value because of the lack of MNC involvement in the project - 8 respondents have responded to the email invitation but could not participate, either because of the time span or because of the lack of relevant knowledge

Table 5.2: Summary of survey design & sampling

5.2 Results

In total 19 completed questionnaires were returned that were useful for the research project. From this, one questionnaire is about a project in the BoP that entails a standardization initiative, in which multiple MNCs are involved, so not directly a BoP project. Nonetheless it could be seen as a BoP project in the broadest sense of the definition, as MNCs are cooperating with local partners to obtain a common goal of poverty alleviation and profit making. Therefore, this questionnaire is taken into account. In this section the results are discussed based on content analysis and are reported according to the different parts within the survey.

5.2.1 Background of respondents

The respondents have a variety of backgrounds, but the majority was active in an MNC during the BoP project, followed by the non-profit sector, research institute, consultancy and governmental sector (see figure 5.1). As it was an anonymous survey, the specific nationality of the respondents is not clear, but the majority has a Western nationality. The functions of the respondents within the organization vary from business development manager, CEO of an NGO, SME investment officer to advisor to the minister for foreign trade and development cooperation. Within the BoP project the respondents have responsibilities as project manager, consultant or researcher. In addition, the majority of the respondents are experienced in the field of BoP projects (see figure 5.2).

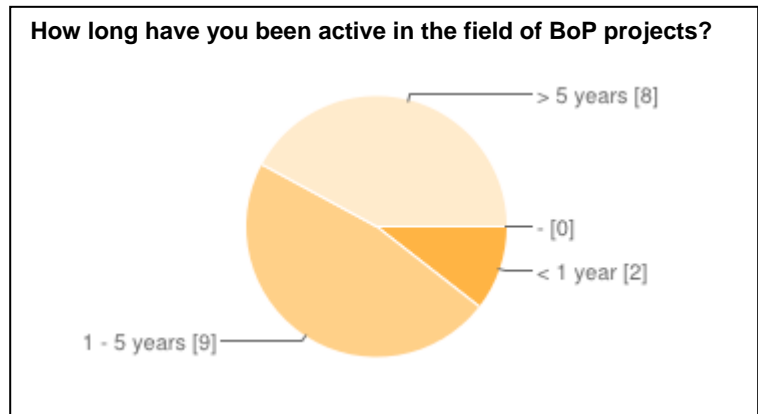


Figure 5.2: BoP project's experience of respondents



Figure 5.1: Background of the BoP professionals

5.2.2 Background of BoP projects

The BoP projects from the participants' experiences belong to a variety of sectors (see table 5.3). The respondents could optionally fill in which MNC is involved in the project and what its experience is within the BoP. These MNCs are active in the chemicals, fashion, finance, food, health care and telecommunication sector and their experience is equally distributed from none to more than five BoP projects. Regarding the BoP projects, they are targeted at different BoP regions

ranging from African countries, South American to South Asian countries. The projects are in different phases of development (see figure 5.3).

To which sector does the BoP project belong?		
Agriculture	6	32%
Energy	5	26%
Finance	4	21%
Food	4	21%
Other	4	21%
Apparel & clothing	3	16%
Consumer goods	3	16%
Construction	3	16%
Health care	3	16%
ICT	0	0%

People may select more than one checkbox, so percentages may add up to more than 100%.

Table 5.3: Target sector of BoP projects

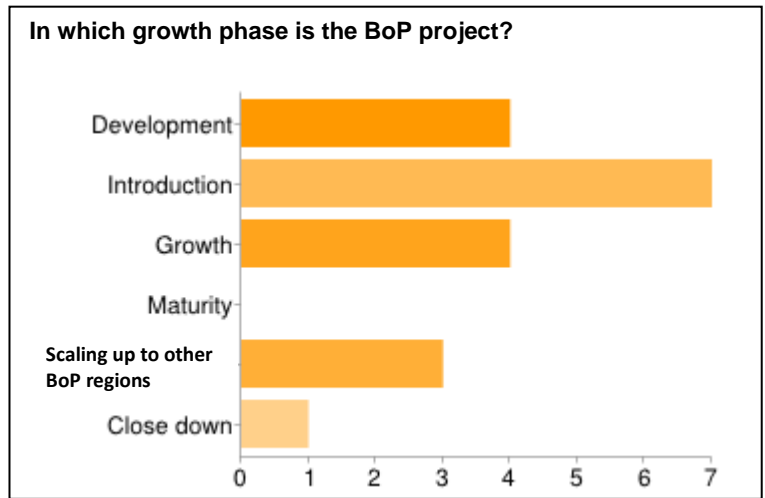


Figure 5.3: Growth phase of BoP projects

5.2.3 Advantages of partnerships

The majority of the respondents confirm the general point of view that partnerships are of vital importance for the success of the BoP project (see figure 5.4).

According to the respondents, the most important challenges that can be overcome with the help of engaging partnerships are “to integrate local knowledge into strategic decisions” and “to gain trust to enter the BoP market”. “To work with chain partners with a low educational background” is the challenge that is identified by the least respondents (see Appendix D2). To the category “others” respondents have added other challenges: “To gain speed and growth paths”, “To accelerate product development (innovation)”, “To address issues of distribution, product applicability and business model application”. A comment is that “for all challenges it is true that partnerships are a part of the solution”.

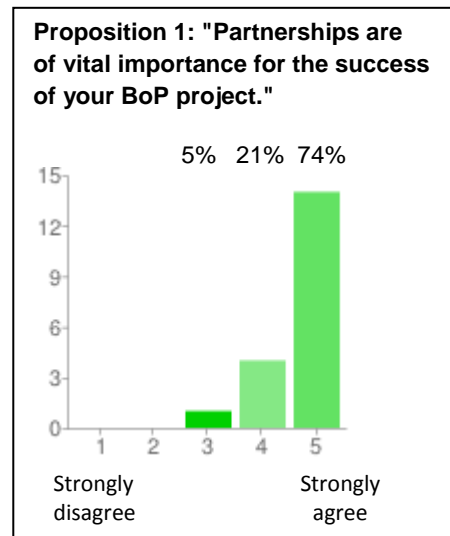


Figure 5.4: Opinion on importance of BoP partnerships

5.2.4 Important partners for a BoP project

The participants are asked to identify the three most important partners in their BoP project (see Appendix D3). The respondents selected eight different actors as the first most important partners from a list of predetermined actors. Local NGOs; large international NGOs; local social entrepreneurs and local SMEs are the most popular, followed by local community groups; local

community leaders; SMEs from outside the BoP and local large companies. When looking at the identification of the three most important actors together, local NGOs (58%), followed by local SMEs (32%), large international NGOs (26%) and the national and state level government of the host country (26%) are selected the most. So NGOs seem to be an important actor, but certainly not the first partner to approach in every BoP project (see figure 5.5). Important to note is that some partners from the predefined list are not identified by any respondent to be part of the three most important partners. These are grassroots movements; small international NGOs; social entrepreneurs from outside the BoP; other MNCs besides the initiating MNC; and international governmental organizations. One comment of a respondent is that the partner identification strongly depends on the BoP project itself (category other). At the question whether a partner has ever approached an MNC itself to partner up, 58% answered yes, 5% no and 37% I don't know.

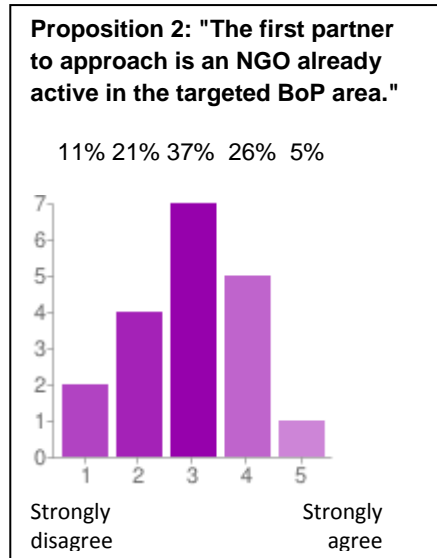


Figure 5.5: Opinion on NGO's involvement

5.2.2 Setting up the BoP project

In the second part of the survey, the stance on the challenges surrounding aligning goals and assigning roles in BoP partnerships is researched.

Setting goals

In order to get an idea of the specific BoP projects the respondents were asked about the goals of the projects. 95% of the BoP projects have other social goals besides poverty alleviation, but only 63% have environmental goals. Regarding financial goals 53% of the respondents agree that the objectives of quick returns should be eliminated. The expected time frame to make profit within a BoP project is estimated on average 37 months (with a large variance), depending on the specific project. Regarding dynamics in goals, in 63% of the selected BoP projects the original objectives of the BoP project have been modified by partners during the project, which means that in 37% the objectives have not been changed (see Appendix D4). Challenges that are identified within partnerships include creating trust (74% of the respondents) and "agreeing upon norms and values in partnerships given the difference in normative standards between partners" (47%) (see table 5.4). Despite these challenges, it is not impossible to create shared goals with all the stakeholders involved, according to 79% of the respondents. In the category other, challenges are added as "creating speed" and "recruiting the right employees for execution".

What challenges are present regarding aligning goals in partnerships?		
To create trust towards partners, as business and civil society are at odds	14	74%
To agree upon norms and values in the partnership given the difference in normative standards between partners	9	47%
To establish an equal distribution of tasks and responsibilities	8	42%
To establish an equal distribution of social and financial benefits	7	37%
To integrate local norms, values and beliefs in the business model	7	37%
Other	2	11%
People may select more than one checkbox, so percentages may add up to more than 100%.		

Table 5.4: Challenges in shared goal setting

5.2.3 Longer term dynamics within the BoP project

The respondents are asked to determine the presence or likelihood of a list of longer term dynamics that occur in BoP partnerships, either based on their expectations or on their experiences (depending on the growth phase of their BoP project). In table 5.5 the results could be found that are supported by the majority (>50%). Two of the respondents did not fill in this question, so N=17.

Longer term dynamics within partnerships (N=17)		
	Based on expectations (N=10, >50%)	Based on experiences (N=7, >50%)
Challenges occurring (according to >50% of respondents)	Change in strategic objectives of partners	Change in strategic objectives of partners
	Change in power relations between partners	Change in power relations between partners
	Instability of political regime	Instability of political regime
	Lack of operational and/or financial instability	Lack of operational and/or financial instability
	Malfunctioning of partners (i.e. opportunistic behavior of partners, fraud, pursue their own agenda)	Malfunctioning of partners (i.e. opportunistic behavior of partners, fraud, pursue their own agenda)
	Shareholder problems (i.e. instability of donors; losing legitimacy; diminishing internal support)	Shareholder problems (i.e. instability of donors; losing legitimacy; diminishing internal support)
	Change in the objectives of the BoP project	
	Over-dependency on partners	
	Leakage of intellectual property	
	Withdrawal of partners from the project	
Challenges not occurring (according to >50% of respondents)		Change in the objectives of the BoP project
		Leakage of intellectual property
		Over-dependency on partners
		Withdrawal of partners from the project

Table 5.5: Expected and experienced longer term dynamics and their influence on the success of BoP

The table 5.5 shows that there is a difference between the longer term dynamics that are expected to occur and the dynamics that do occur, which is worth analyzing. In addition, the respondents are asked to determine the influence of the dynamic on the BoP project's success. Most of the dynamics that are expected or experienced are seen as negative events regarding the BoP project success. Only a change in the objectives of the BoP project and change in power relations between partners are also seen as having a positive influence, but only by the respondents who are in the early phases of a BoP project. Respondents had the possibility to add dynamics to the list: "Challenges in scaling up, which are often neglected", "maintenance and consistency of quality standards", "not gaining speed" and "impatience of partners".

Management of partnerships

In order to diminish the chance of negative dynamics, partnerships should be managed properly. According to the respondents, the most important actions for successful partnerships are building trust; creating transparency and oversight; and establishing mutual interest within the objectives. These answers are quite similar to both groups of respondents that have a BoP project in the development phases or in a more mature phase. An exception is the "acknowledgement of differences between partners", which is valued more higher in the experienced group. "To substitute for institutions" is seen as less important by both groups (see table 5.6).

What are the most important actions for successful partnerships?				
Actions	Based on expectations (N=11)		Based on Experience (N=8)	
	Count	Percentage	Count	Percentage
Build trust	8	73%	6	75%
Establish mutual interest within the objectives	7	64%	4	50%
Create transparency and oversight	6	55%	5	63%
Become locally embedded	4	36%	3	38%
Acknowledge differences between partners	3	27%	6	75%
Emphasize process over speed in decision making	3	27%	2	25%
Create reciprocal relationships	3	27%	1	13%
Work together with key decision- and policymakers	2	18%	3	38%
Build highly personalized relationships	1	9%	1	13%
Other	1	9%	3	38%
Substitute for institutions	0	0%	1	13%

Table 5.6: Management practices for successful BoP partnerships

People may select more than one checkbox, so percentages may add up to more than 100%.

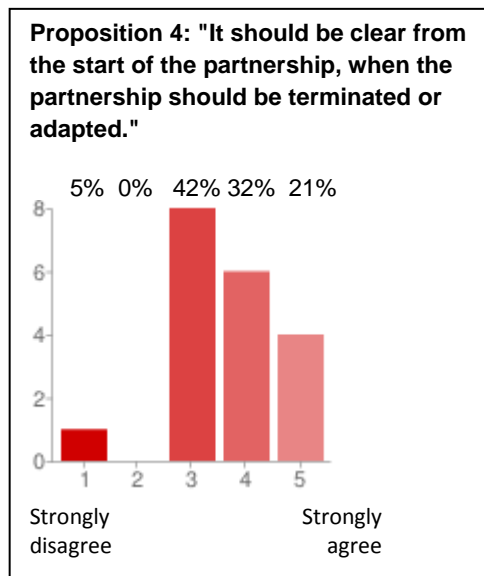


Figure 5.6: Opinion on termination & adaptation terms of partnerships

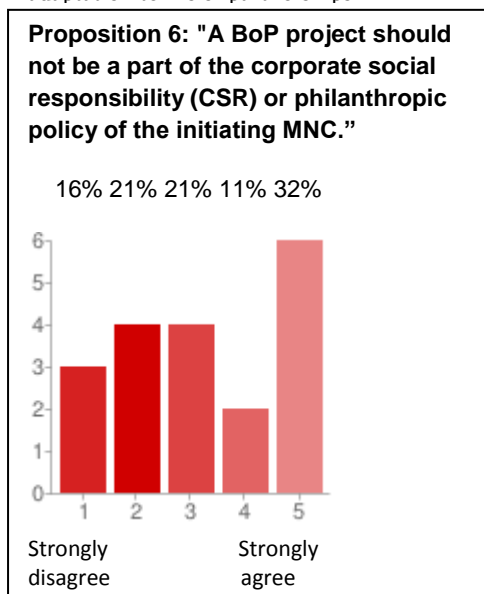


Figure 5.7: Opinion on CSR and philanthropic character of BoP project

In addition, a small majority agrees that termination and adaptation conditions for a partnership should be clear from the start of the partnership (see figure 5.6). Another subject is the dependency of partners. Again only a small majority (53%) agrees that the more interdependent the BoP partners are, the more successful the partnerships will be in the long run, but only 21% disagrees. In relation to this, the concept of shared ownership is important to create mutual interest according to a large majority of respondents (95%). Contrary to this, there is no consensus on whether the degree of financial ownership of a partner should determine the degree of control in a partnership. In addition, 42% of the participants agree that the MNC should not maintain a central position in the BoP network and should share control over their activities with other actors, whereas 32% disagrees. Together with the degree of control also the concept over power becomes relevant. 53% of the respondents think that the inherent power asymmetry within a BoP partnership creates some incentives to self-restraint and patience in the partnership.

Internal management of the MNC

Besides management among partnerships, also the internal management of a partnership – within a partner – influences the success. The majority of the respondents (85%) confirm the importance of direct ties between the

BoP project management and the top management of an MNC. There is no consensus among the participants on the strategic location of BoP projects within an MNC (see picture 5.7).

Scaling up

No less than 68% of the respondents do not agree with the proposition that an MNC should withdraw from active involvement in order for the BoP project to scale up. What is necessary for scaling up according to most respondents is a strong local player; a pilot study in a new BoP region; and continuously upgrading skills and capability set of partners. In addition, consistency in quality and a feedback mechanism are detected as important steps to scale up. One respondent added the comment that also “Strong methodology” is required, “but also readiness to unlearn a lot of what has been successful in a different country”.

5.2.4 Evaluation & Monitoring

The respondents have highlighted the importance of creating transparency and oversight for the success of a partnership. For this evaluation and monitoring systems are of great help. The survey provides insights in the monitoring and evaluation tools used in the BoP projects of the

What other tools are used regarding monitoring and evaluation of the partnerships in the BoP project?		
Joint evaluation	12	63%
Partnership metrics	10	53%
Individual evaluation	8	42%
There is no monitoring and evaluation plan as far as I know	4	21%
Other	2	11%

People may select more than one checkbox, so percentages may add up to more than 100%.

Table 5.7: Tools for Monitoring & Evaluation

respondents. 74% of the respondents state that in their BoP project key performance indicators (KPIs) are used to measure progress. “KPIs as traditionally measured by an MNC are greatly reassuring for senior management”, according to one respondent. In

addition, a lot of other monitoring and evaluation tools are used (see table 5.7). Besides the listed tools, also business metrics are used.

Challenges

However, there are some challenges identified regarding evaluation and monitoring. One is the key difference in priorities between partners. “Evaluation and monitoring seem to be only relevant for Western partners, not for BoP partners (they just want to get the product to the market)”, according to a respondent. Also there is a lack of reliable data and good tools to measure especially social goals. However, no agreement is reached on whether there is a lack of appropriate monitoring technology and certification schemes in the BoP. What is clear is that creating transparency is a challenge, such as creating consistency in reporting, and open and honest evaluation. Another challenge appears to be the follow-up on the evaluation measurement. However, only 26% agrees that the weak institutional context in the BoP impedes the enforcement of formal agreements in partnerships in BoP projects. Financial incentives within a BoP partnership are necessary to reach goals, according to 53% of the respondents. In addition,

“monitoring and evaluation programs should be used as it is habitual in an MNC” and “monitoring and evaluation should be made a part of strategic decision making and management control”. For this regular stakeholder management meeting or dismissal of low performers as a result of lack of compliance or dishonesty are helpful. In addition, periodic reporting and acting is mentioned as follow-up system. However, a respondent points out that high overhead costs resulting from monitoring and evaluation still remain a problem.

Learning

These challenges could be partly overcome by a learning process within the partners and within the partnership. The majority of the respondents (84%) agree with the fact that experience in BoP projects within an MNC will lead to a more successful process of identification and assessment of partners. In addition, earlier experience has a positive influence on the management of the longer term dynamics, according to 90%. Also the majority (63%) states that clear protocols, guidelines and manuals will enhance the partnership process for an MNC; however there are some participants that disagree (16%). At last also sharing lessons among MNCs about their partnership practices would be effective, according to 89% of the respondents.

5.2.5 Comparison private and non-profit respondents

A comparison between the survey answers of respondents with a different background provides insights in the difference in views of the private sector (N=10, i.e. MNC, consult & impact investor) and non-profit sector actors (N=9, i.e. NGO, research institute, public). The most important differences are discussed in table 5.8. The details about the expected and experienced longer term dynamics between both groups can be found in Appendix D5.

Comparison private and non-profit views		
	Private sector (N=10)	Non-profit sector N=9)
Advantages of partnerships	<ul style="list-style-type: none"> Higher value assigned to working with chain partners with a low educational background and could overcome the lack of a regulatory or institutional framework 	
Partnerships objectives	<ul style="list-style-type: none"> Stronger view on that exit strategies should be established at the start of a partnership Perceives a stronger trade-off between the social challenges and the technological opportunities 	<ul style="list-style-type: none"> Stronger advocator of flexibility in the partnership goals and division between ownership and control Less support with the elimination of quick returns Challenges in aligning goals relatively correspond with private sector
Management of partnerships	<ul style="list-style-type: none"> Stronger advocator that power asymmetry in partnership leads to patience and self-restraint Shared opinion about the need of shared ownerships and that MNCs should not withdraw from project More value to becoming locally embedded as successful partnership action 	<ul style="list-style-type: none"> Stronger advocator of interdependency between partners Less critical towards BoP projects part of CSR-Philanthropy Providing financial incentives within partnerships is less supported More value to creating transparency and oversight as successful partnership action No support for building reciprocal relationships
Longer term dynamics	<ul style="list-style-type: none"> Expected dynamics similar to that of non-profit sector More dynamics are experienced Consensus with non-profit sector that strong 	<ul style="list-style-type: none"> Only change in strategic objective not expected Small sample size for experienced dynamics No need for professionalization of the supply

	local player and pilot project are necessary for scaling up <ul style="list-style-type: none"> • Higher perceived lack of appropriate monitoring technology 	chain for scaling up
Learning	<ul style="list-style-type: none"> • About the same positive stance towards learning and sharing as the non-profit sector • More positive about guidelines 	<ul style="list-style-type: none"> • More positive about protocols and earlier experience • More critical about possibility knowledge transfer from traditional markets > BoP markets

Table 5.8: Comparison survey answers private sector respondents and non-profit sector respondents

5.3 Interpretation of the results

As discussed in the introduction of this chapter, the survey would provide insights in the viewpoints of BoP professionals about BoP partnerships in order to test and complement the findings from the literature.

In spite of the small sample size of respondents, the survey results are still based on a variety of the BoP projects (both sectors and geographical locations) from a variety of perspectives (from MNCs, consultancy, NGOs, research institutes, and public sector). These differences provide a broad view, but make generalization more difficult. In addition, the findings will be biased to a Western perspective, as the majority of the respondents have a Western nationality. This should be taken into account when interpreting the data.

5.3.1 Project specific partner

The variety of the key partners identified for a BoP project shows that partnerships are highly project specific. However, some actors dominate, especially the NGOs. 73% of the respondents have identified local or international NGOs as one of the three key partners for their BoP project. This confirms the importance of the involvement of NGOs, which is also highlighted in the BoP literature. Another resemblance with the literature is that private sector actors from outside the BoP are less popular, revealing that MNCs are not (yet) collaborating with (more flexible) SMEs or social entrepreneurs or make use of the experience of other MNCs. However, local (small) private actors are more popular partners, which indicate an integration of local partners in the BoP value chain. This shows that the BoP 2.0 (BoP as value chain partner) view is implemented in practice. Whether MNCs connect to their local business models, or whether they integrate local partners in radically new business models is unclear (e.g. Hart, 2007; Seelos & Mair, 2007).

5.3.2 Institutional context

Almost 50% of the respondents identify the government sector (local or national) of the BoP region as an important partner, mostly because of the institutional support it provides. Partnerships support the operations in an informal economy, but it is unclear whether they can diminish the longer term risks resulting from the instability of the political regime. These dynamics are difficult to manage according to the respondents. In addition, the majority does not

agree that partnerships indeed help overcome the lack of a regulatory and institutional framework within the BoP, contrary to the literature findings. However, the lack of an institutional framework might not be a large problem for BoP projects. According to the majority of the respondents the institutional context does not hamper the enforcement of formal agreements. So, partnerships could still exist and succeed in an informal economy. It is therefore not needed that MNCs will substitute for institutions, contrary to the literature findings.

5.3.3 Managing longer term dynamics

The longer term dynamics within partnerships that are determined from the literature focused on unpredictable performance of partners, financial instability and shareholder problems. The respondents certainly do not recognize all these dynamics. There is a difference between longer term dynamics that are expected to occur and the dynamics that do actually occur in BoP projects. The difference in judgment suggests an overly pessimistic view regarding the dynamics in the beginning of a partnership (maybe influenced by the pessimistic views expressed in literature). The pessimistic view in the BoP literature could be partly explained by the lack of longitudinal case based research. The results also show that the professionals involved in BoP project are aware of the dynamics that could occur in the long run in the early phases of partnership. With this they distinguish themselves from the optimistic development project management. It is often assumed that the latter group has an overly optimistic view on partnerships with the BoP; unprepared and ignoring the risks of longer term dynamics. The cautious attitude of the BoP professionals could be partly explained by the level of professionalism and business objectives of a BoP project. The project management of BoP projects could not afford it to be guided by a rosy view, as they are under strict supervision of skeptical boards.

However, identifying dynamics does not directly mean that actions are indeed taken to manage the longer term dynamics. Though the fact that not all negative dynamics occur that are predicted to happen could indicate that steps are in fact taken to prevent the negative dynamics from materializing. This assumes that it is possible to prevent dynamics from happening, such as an anticipation mechanism. According to the BoP professionals, in order to make partnerships more successful, building trust is the most important. This reflects the common stance on trust in the literature (e.g. Grootveld, 2008). In addition, transparency and oversight and mutual interest within the objectives should be created. Embedding partnerships in the local context is less important for the respondents. This is remarkable; as becoming locally embedded is seen as key for a BoP project in the academic literature (e.g. Hart, 2007). The survey results show that the involvement of trustworthy locally embedded partners make it redundant that external partners (e.g. MNCs) have to become locally embedded themselves. To diminish shareholder problems in the long run creating ties with the top management and creating more transparency within the partnership is seen as a solution. This resembles the need for a good location of the strategic alliance function within the partners from the strategic alliances literature (Duysters et al., 2005). In addition, the ownership should be shared within a BoP project, but it remains unclear how the control should be divided between the partners and what positions MNCs should take in the longer run in a project. This reflects the varying stance on the centrality of an MNC in a BoP

network in the literature. In the projects that are still in the introduction phase, withdrawal of partners is mainly seen as something negative. This could mean that the common stance is to keep partners as long as possible on board, even when that is not effective anymore. This could explain why there is no strong view whether termination or adaptation terms should be established in partnerships.

However, although there are actions to make a partnership more successful, some longer term dynamics do occur that increase the risk of failure of the BoP project, such as instability of the political regime and problems with shareholders. According to the respondents they are difficult to manage. Further research should focus on managing these dynamics, if they are manageable.

5.3.4 Positive dynamics

It is remarkable that the majority of the expected and experienced dynamics are assessed as negative events by the BoP professionals. Longer term dynamics could have positive effects as well, such as a change in strategic objectives (adaptation/flexibility), change in power relations (empowerment of local partners) or the leakage of intellectual property (sharing knowledge). Only a small minority of the BoP professionals assigned a positive value to the dynamics (i.e. change in strategic objectives of project or partners; change in power relations; operational or financial stability; withdrawal from the project). So the majority adopts a more static perspective towards partnerships in which changes are perceived as negative from the outset. In the strategic alliances literature it is recommended to take an evolutionary perspective on the partnership process, in which the strategic function (i.e. its importance to the partners and form of the partnership) should be adapted continuously to its context in order to avoid failure (e.g. Doz, 1996). This evolutionary perspective could help managing the dynamics in a BoP partnership.

5.3.5 Knowledge management

The BoP professionals assign high value to the process of learning within the management of partnerships. This corresponds with the emphasis on learning in the BoP literature (e.g. Schuster & Holtbrügge, 2012; Webb et al., 2010). Earlier experience with BoP projects positively influence the process of the assessment of potential partners and the management of dynamics within partnerships. For this, the knowledge should be managed in protocols and manuals, and best practices are of great help. In addition, sharing knowledge between MNCs is beneficial.

5.3.6 Traditional monitoring and evaluation

M&E contribute to the creation of transparency and are the basis for learning and are therefore important for BoP partnerships. The survey results show that BoP partnerships should also meet “regular business criteria” of decent management and profitable business (in the long run) in order to get approval of the higher management. Clear reporting creates internal support of the shareholders within a partner. The survey shows that in practice many monitoring and evaluation techniques are used that are designed for traditional partnerships. The most important tools that are identified in the strategic alliances literature are used in BoP projects as well, as joint

evaluation. In addition, a lot of significance is assigned to key performance indicators (KPIs) in BoP projects, indicating a well-functioning monitoring system, contrary to the literature findings. However, when analyzing more thoroughly, it appears that there are still challenges with using the tools. Challenges remain within creating support for evaluation practices among the (local) partners besides the MNC. In addition, follow up actions on the monitoring results are not always taken, which hampers the learning process aspect, both between and within the partners. Financial incentives, stakeholder meetings and integrating the BoP project in the strategic decisions of the partners would benefit the follow up, according to the respondents.

5.3.7 Comparison private and non-profit respondents

The insights from the comparison between private and non-profit respondents create a better understanding of the motivation of the different partners involved in a BoP project. It shows that private actors assign more importance to value chain management within a partnership and the advantages partnerships could bring to it (e.g. cooperating with non-traditional partners). The challenges both groups encounter in partnerships practices are similar, such as creating trust. This shows that building trust is important for all parties. Becoming locally embedded and creating reciprocal relationships are only important to private actors. For private actors this is more important, as there is a larger (cultural) distance between private actors and the BoP partners, which is not yet bridged in earlier experience. The non-profit respondents assign higher value to creating transparency and oversight. In addition, the non-profit respondents have a more flexible view regarding goal setting. They do not automatically reject the objective of quick returns, whereas the private sector does, which is remarkable. The private sector actors have a more realistic view on the possibility of quick returns and eliminate that possibility in the BoP. The non-profit sector actors are also less supportive towards the provision of financial incentives and towards setting exit strategies. The private sector perceives a stronger trade-off between social challenges and technological opportunities to seize. In the longer term, both groups agree upon the central position MNC should maintain: it should not withdraw from the project. This is remarkable, as it could be expected that the non-profit sector is skeptical towards the social impact MNCs could make in reality.

The value chain focus of the private sector becomes also apparent in that they see a need for professionalization of the supply chain in order to scale up. Furthermore, they are stronger advocates of creating exit strategies in partnerships. In addition they identify more problems with appropriate monitoring technology. This could either mean that the non-profit sector assigns less value to monitoring and evaluation or that they have more experience and capabilities with monitoring and evaluation. In addition, the fact that the non-profit sector is less critical towards BoP projects being a part of the CSR/Philanthropy policy of a company could also target at the low confidence they have in BoP projects becoming a real or professional business.

5.4 Conclusion

This survey shows that the majority of literature findings are supported by BoP professionals. In addition, it has provided some complementary views on BoP partnership practices, especially by comparing the views of private and non-profit actors. According to all respondents, partnerships appear to be of vital importance for a BoP project, as they create a lot of advantages, such as providing access to local knowledge. Different partnerships are necessary with varying goals, targeting at the T-Lab classification. Some partnerships are more focused on creating social impact and legitimacy; others are aimed at fulfilling value chain tasks. Especially the private sector focuses more on value chain practices. The business view of the private sectors results in the perception of a stronger trade-off between social challenges and market opportunities within BoP projects. Establishing successful partnerships is a challenge to all respondents and should be tackled with trust and transparency. Creating shared value is key, but it can and should not be avoided that partners will keep their own strategic goals: they can co-exist. However, despite these actions still some negative dynamics will occur in the long run, such as instability in shareholder support. Practitioners are aware of the risks of the occurrence in the first phases of the partnership, but cannot always prevent the dynamics from happening. More research should be conducted on managing these dynamics. Other findings encompass that monitoring and evaluation (M&E) practices in BoP projects could be drawn upon those from traditional business projects. Contrary to the literature findings, BoP partnerships do not seem to suffer much from institutional voids in the BoP. However, creating a platform for M&E within the partnership is still a challenge. Monitoring and evaluation seems to be more important to the professionals from the private sector, than the non-profit sector. However, everyone agrees on the importance of learning.

In addition, there are some gaps from the literature review that cannot be filled by the results of this survey. These comprise the role of partnerships in maintenance and after sales service value chain activities. In addition, there are no results on collaboration practices with state governments of donor countries or international governmental organizations, which could mean that those are irrelevant as partners. However, this does not automatically mean that they are irrelevant stakeholders. These organizations indirectly influence the BoP project by acting as donors or as agencies that affect various rules in the policy environment within which BoP projects function. Also the role of creating social impact, positive or negative, within the local context has so far had rather too little attention paid to it. This is partly explained by the fact that the sample does not incorporate respondents from local communities, who have real insights in this. In addition, it is still unclear how to define and measure social impact and what the expected time frame for the creation of social impact “should be”. These issues should be researched further.

Part 3: Conclusions, Implications, & Recommendations

Chapter 6 | Conclusions

This chapter concludes the research journey to the current stance on partnership practices in the BoP literature. Chapters 1-4 have created insights into the current notion on the BoP partnership concepts; the design and management practices of essential BoP partnerships; and the success and failure factors for BoP partnerships. This has provided input to establish the current gaps on partnership practices. Some gaps are filled with complementary views from the general strategic alliances literature and BoP professionals, others still remain open. These remaining gaps provide input for further research that can link them to the success or failure of BoP partnerships. In this concluding chapter the main conclusions, recommendations, and theoretical and managerial implications resulting from this master thesis research are provided in order to answer the research question of this thesis:

“What are the current academic stances on successful partnership practices in Base of the Pyramid projects and what lessons could be learnt from recent experiences in practice?”

6.1 Answer to the research question

Chapters 1-4 have provided a detailed overview on partnership practices based on different analyses. This section synthesizes and compares the main findings from the different analysis of the four chapters to provide an answer to the research question. The main findings, including gaps and limitations, from each analysis are summarized in Table 6.1.

6.1.1. The current academic stance on BoP partnerships

There is no doubt about the vital importance of partnerships for BoP projects in the BoP literature. Partnering up enhances the social impact of the BoP project by including the local community as value chain partners and thereby creating empowerment and employment. This is in line with the BoP 2.0 approach in which the local community is seen as full value chain partners, instead of solely as consumers. However, the normative argument of this participatory approach is not yet as prevalent in the literature (except for some researchers, such as Mena et al., 2010). More attention has been paid to the instrumental argument for incorporating the local community, i.e. the benefits for the success of the project, because of the complementary knowledge and capabilities they could provide to MNCs. This is reflected by the lack of attention to measure BoP project's success in terms of social impact, i.e. the influence on the local economy, and poverty level.

Regarding the process of partnerships, the literature review has pointed towards some steps:

- **Identification of partners:** There is no consensus on the structure of the optimal BoP network in the BoP literature. This is partly explained by the fact that the BoP literature is still in its infancy, but also because of the extremely heterogeneous context of the BoP. This makes drawing general conclusions about successful partnership practices more difficult. A variety

of traditional and non-traditional partners are identified. Actors from civil society, local community, private sector, and government sector should be incorporated in the BoP network together with the party that is initiating the BoP project, in this case the MNC. Unique complementary capabilities are assigned to those actors that enhance the adoption and sustainability of the BoP project. Combining them in partnerships leads to the expansion of the limits of individual partners; access to key inputs; creation of legitimacy and trust in the BoP; defeat of external market deficits and geographical isolation; and the sustainability of the BoP project. In addition, creating a BoP network is a way to substitute for the missing institutions in the BoP, which put pressures on the success of the BoP project. However, in order to employ the possibilities of partnerships, partners should be convinced to join the BoP project in the first place. For this, the importance of creating shared value is highlighted, so that all partners benefit from the partnership. MNCs should step out their traditional business mindset to identify the capabilities of beneficial partners. Some researchers ascribe an important role to a locally embedded partner in this process, such as an NGO, as it could function as a trusted broker between local actors and the MNC.

- **Alignment of goals:** After a BoP partnership is established mutual objectives should be set in order to secure the creation of shared value. For this, building trust and transparency are of vital importance. In addition, the partners should take a flexible and long term vision when setting goals.
- **Division of roles and responsibilities among the partners:** There is no consensus in the literature. Some researchers state that the MNC should take the leading role; others assign a more facilitating role to it, depending on the capabilities of the local partners. However, the literature agrees on the sharing of ownership among partners in order to create commitment to the BoP project.
- **Management of partnerships:** It is emphasized that control should be shared and progress should be facilitated by incentives, knowledge transfer and mutual learning. In order to diminish the negative influence of dynamics in the long run researchers have provided some lessons for MNCs. It is important to have ties with the higher management of the organization; to build conflict resolution skills; and to monitor and evaluate regularly within the partnerships. According to some researchers there are no adequate M&E mechanisms for BoP projects. It also remains unclear who the responsible party should be for M&E.

6.1.2 Current gaps in the BoP literature

Section 5.1.1 and table 6.1 have already provided an indication of the gaps of the BoP literature regarding partnerships, which are extensively discussed in chapter 3 as well. Some gaps center on the ambiguities in the conceptualization of BoP issues. In the assessment of possible partners less attention has been paid to the differences between urban and rural poor and between local and global NGOs. In addition, the BoP literature has an overly optimistic view on the capabilities of the NGO. However, the largest gaps center on the (longer term) management of BoP partnerships. The BoP literature is biased towards the first phases of the partnership process, i.e. the advantages of BoP partnerships, the identification and assessment of partners, and the creation of mutual

goals. Regarding the division of roles and responsibilities and the management of partnership dynamics in the longer term, the BoP literature mainly contains prescriptive lessons, as it lacks the data of longitudinal case studies. The management guidelines do not incorporate how to anticipate on longer term dynamics such as the termination of partnerships; the diminishing support of shareholders or donors of partners and the follow up and enforcement of M&E. Moreover, dynamics in the context are not taken into account, such as the emergence of local strong players and political instability of the BoP region. In addition, there is no consensus on the level of dependency between and the role of the different partners in the longer run. Some researchers state that the western MNC should withdraw from the project in order to stimulate the local development. Others state that the MNC should remain actively involved in order to secure both the continuity of the project and profits flows to the MNC, as local partners are not able to run a project by themselves. Table 6.1 provides an overview of the gaps found in the BoP literature.

It is important to anticipate on the longer term dynamics from the beginning of the partnerships, as that could diminish any negative influences and increase social impact of the BoP project. So, further research is required on these gaps in order to enhance the success of BoP partnerships, and of the BoP projects themselves.

6.2.3 Comparison with practice - Lessons to be learnt

Chapters 4 and 5 have shown that lessons could be learnt from both best practices of strategic business alliances and insights from BoP professionals. The strategic alliances literature partly agrees with the BoP literature. It provides more insights into partnership practices, as it is a more mature research strand. The most important lesson that could be learnt is that partnerships should be managed from an evolutionary perspective. During the whole partnership the mindset should be that of continuous adaptation, e.g. of partnership objectives, the strategic function within the organization and M&E indicators. Learning, within the partnership, within the individual partner organization, and from other BoP projects, is vital. In addition, transparency in objectives and responsibilities should diminish risks and contribute to the continued support of shareholders and donors to the project.

The insights from the BoP literature are also partly supported by the BoP professionals. They confirm the advantages of partnerships for BoP projects and point to the importance of building trust and transparency in BoP partnerships. In addition, they show that especially private actors value (local) partners as important value chain partners, which indicates a shift to BoP 2.0-thinking in practice. However, the BoP professionals do not see the need for partnerships to substitute for institutional deficits. BoP partnerships are able to function in the informal economy. In addition, the survey shows that BoP practitioners are aware of the longer term dynamics. The BoP practitioners, whose opinions were still mainly based on expectations of how the BoP project would evolve, even overestimate the chance of various problems happening, when it is compared to the experiences of the BoP practitioners with actual long term experience in their BoP project. In addition, most dynamics are perceived as negative for the BoP project, which shows that it is necessary to take action on these issues. The survey results highlight some practices:

- To create internal support of donors and shareholders, ties with the higher management within the organization are required (confirming insights of strategic alliances literature);
- MNCs should remain actively involved in the project, although in which role is not clear;
- Earlier experience enhances the partnership capabilities. Learning should be supported by knowledge sharing and standardization processes, such as the creation of protocols and manuals;
- KPIs and feedback mechanism of traditional business projects could be used as starting point for M&E in BoP projects. Especially the private sector respondents assign high value to M&E. Challenges remain in creating support for M&E among local partners;
- Financial incentives, stakeholder meetings and integrating the BoP project into strategic decision making would benefit the enforcement of M&E.

However, some literature gaps remain open. The theoretical implications provide guidance for further research to fill these gaps.

6.2.4 Possible classification of required partnerships



Figure 6.1: Classification of partnerships resulting from T-Lab analysis

With these results it is possible to refer back to the proposed classification of partnerships in the T-Lab analysis of chapter 2 and assess whether it holds. The T-Lab analysis revealed that there are two axes on which the BoP partnership literature could be placed (see figure 6.1). From this, it could be derived that there are four ideal typical partnerships, based on their perspective (bottom up vs. top down) and their objectives (fighting social challenges vs. seizing market opportunities).

However, the insights from the other analyses show that it is difficult to classify BoP partnerships. Firstly, because partnerships are highly project specific; this makes them all unique. Secondly, it is difficult to define a bottom up or top down strategy in a BoP partnership. Is a BoP partnership solely a bottom-up initiative, when it is initiated by the local community or also when the MNC plays a more facilitating role? In the latter case, the degree of top down strategic perspective could be defined by the centrality of the MNC in the partnership. According to the horizontal axis, it should be the case that there are partnerships that focus more on social challenges and those that focus on market opportunities. This is also difficult to map, as most partnerships (should) incorporate both objectives. However, the private sector actors of the survey recognize this trade-off in BoP projects in general, which indicates that there is tension between meeting objectives in the two “competing” directions at the same time. More detailed research is necessary to establish whether this trade-off is experienced within partnerships. In addition, more research is needed in order establish whether a certain classification of partnerships could provide practical guidance, for example for the identification of required partners in a BoP project.

Summary of the main findings, research gaps and limitations of different analyses

Chapter	2. T-Lab analysis	3. BoP literature review	4. Strategic alliances literature review	5. Survey research
Source	Scopus selection of academic BoP articles	Selection of BoP articles (partly Scopus selection + reference based)	Selection of Strategic Alliances articles of strategic alliances academicians	19 BoP professionals with experience in BoP partnerships from different sectors
Level	Undetailed	Detailed	Introduction	Detailed
Main findings	<ul style="list-style-type: none"> • Presence of network / value chain approach highlighted by words as adaptation, sharing and bridging • Emphasis on downstream value chain functions, as distribution and microfranchising • The thematic analysis leads to four clusters: <ul style="list-style-type: none"> • Distribution • Entrepreneurship • Strategy • India <p>These can be placed in a quadrant. The axes resemble the trade-off between social challenges and market opportunities and between a strategic top down and an inclusive bottom up perspective. They could target at a classification for partnerships</p>	<ul style="list-style-type: none"> • No consensus on conceptualization of BoP issues, because the BoP literature is still in its infancy and influenced by contextual (e.g. globalization) • Shift in BoP literature from BoP 1.0 (BoP as consumer) to BoP 2.0 (BoP as value chain partner, targeting at inclusive business practices) • BoP literature is influenced by many literature strands, dominated by business literature (classical economic, entrepreneurial, international business, innovation management and strategic alliances theory); value chain literature and development literature • Partnerships are of vital importance for the success of BoP projects as they expand the limits of partners; provide access to key inputs; create legitimacy and trust in the BoP; overcome external market deficits and geographical isolation; enhance the sustainability of the BoP project • Variety of traditional and non-traditional actors identified as partners for MNCs, varying from the local community, civil society, private and governmental sector. Importance of partners depends on the specific BoP project, but NGOs are the most important • Many unique capabilities assigned to the identified partners, which could contribute to the sustainability of the BoP project • BoP Partnership process consists of at least the stages: <ol style="list-style-type: none"> 1. Identification and assessment of partners and their capabilities 2. Aligning of individual goals and establishing shared objectives 3. Dividing roles and responsibilities 4. Managing the partnership (in the longer run) • For the identification of partners a mindset change is necessary • For the alignment of goals building trust, creating shared value, transparency, flexibility, setting metrics and long term vision are important • For the division of roles and responsibilities shared ownership is important. There is no consensus on the optimal role of MNCs (facilitating vs. central) • For the management sharing control, providing incentives, facilitating knowledge transfer, learning, M&E, anticipating on longer term dynamics (conflict resolution) are important • There is a lack adequate M&E mechanism for the BoP 	<ul style="list-style-type: none"> • General stance on strategic alliances practices does not deviate much from BoP partnership practices: Strategic alliances are of vital importance for company's competitive survival • Form and management of strategic alliances depend on context and phase of product or services life cycle • Strategic alliances are prone to failure and difficult to govern (failure rate of 70%) • Potential failures within partnerships depend both on internal mismanagement and mismanagement of partnership • Internal mismanagement results from change in internal objectives; diminishing internal support; absence of alliance promoter; miscalculation of required resources; uncertainty about partner's behavior; inexperience of alliance management; weak ability to learn and negotiate • Mismanagement of partnership is located in: partner's holding on to individual incompatible organizational and cultural routines; degree of ownership determining the degree of control; trust and cooperation are dominated by control; opportunistic behavior of partners • The context influences the success of alliances, such as the perception on MNC activities • Partnership success is increased by: <ul style="list-style-type: none"> • Thorough partner selection based on motives and capabilities of both the company itself and its partners • Transparency in expectations • Dedicated strategic function of the alliance within the organization • Systematic evaluation of performance of the alliance based input and output criteria by individual and joint evaluation, alliance metrics and cross alliances evaluation • Learning <p>Take an evolutionary approach on partnership practices: partnership objectives and M&E should be continuously adapted</p>	<ul style="list-style-type: none"> • Partnerships are specific for BoP project, but NGOs are identified as the most important partners. Also local (small) private partners are popular • Partnerships provide institutional support, but partners do not encounter many problems of institutional voids • Private sector respondents have a larger focus on value chain activities in partnership • Private partners perceive a larger trade-off between social challenges and the market opportunities to seize in BoP projects • Pessimistic view on longer term dynamics within partnerships by practitioners in the early phases of the partnership. In real life, less negative longer term dynamics are experienced within partnerships. • Longer terms dynamics within partnerships are mostly seen as having a negative effect on the success of the BoP project, whereas they could have positive effects as well, indicating an inflexible/static approach towards partnership • MNCs should hold a central position in BoP projects in the long run • In order to create successful partnerships building trust is the most important, followed by creating transparency and oversight, mutual interest within objectives and sharing ownership. Embeddedness in the local context is only important to private respondents, probably because of larger institutional distance with the BoP • Earlier experiences in BoP projects, standardization (as protocols and manuals) and learning are important • M&E is important, but ranked higher by respondents from the private sector. Traditional partnership's M&E techniques could be used for BoP partnerships. • Challenges in M&E are the creation of support by local partners • Financial incentives, stakeholder meetings and integrating the BoP project into strategic decision would benefit the enforcement of M&E

<p>Main gaps</p>	<ul style="list-style-type: none"> • Absence of “trust”, as core lemma • Absence of identification of specific important partner groups for BoP partnerships • Undetailed analysis 	<ul style="list-style-type: none"> • No consistent conceptualization of most important BoP subjects • Generalization within certain partner groups: poor (rural vs. urban), NGOs (local vs. international) • Focus on the importance of partnerships with local community is mainly instrumental: the normative argument of including local communities has been pushed into the background • No consensus whether MNCs should draw upon existing business models of local partners or build radical new business models • Optimistic view towards capabilities of NGOs, no attention for failing NGOs • Not enough attention for partnerships between MNCs and private partners, both in or outside the BoP • No attention for partnerships for maintenance and after sales services of BoP innovation • Mainly prescriptive research regarding the longer term dynamics in partnerships, best practices about managing longer term dynamics are missing. Lack of case based longitudinal research on BoP partnerships. • No consensus on the level of flexibility/required adaptation within BoP goals • No consensus on the required level of dependency of partners within BoP projects • No consensus on the position of MNCs in the long run (withdrawal, facilitating or central role) • Not enough attention for the influence and management of longer term dynamics: e.g. influence of international or donor country trade and development policies; change in power (in)balance between partners; diminishing support of shareholders and donors; malfunctioning or withdrawal of partners) • Lack of appropriate M&E within weak institutional context, especially KPIs for social and environmental goals; shared network performance 	<ul style="list-style-type: none"> • Lack of longitudinal case based research on strategic alliances • Limited generalizability of this theoretical stream to alliances with: <ul style="list-style-type: none"> • Partners from countries with different stages of economic development (but increasing attention to emerging markets, but still more top/mid segment than low market segments) • Partners originating from non-western countries (but increasing attention) • Partners from other (non-profit) sectors > cross sector partnerships (but increasing attention) • Partners that are not professionalized or more informal • Focus on micro level, whereas micro level is intermingled with meso and macro level (continuous interaction between institutional context of partners and success of the partnership), but increasing attention on value chain perspective 	<ul style="list-style-type: none"> • No specific insights on partnerships for maintenance and after sales services of value chain of BoP project • No insights on partnerships with international governmental organizations outside the BoP, which could mean that those partnerships are of minor importance for BoP projects • No insights from partners originated in the BoP • Not enough insight in BoP project specific factors that influence the management of partnership (in order to set up a model of general and BoP project specific management practices)
<p>Limitation</p>	<ul style="list-style-type: none"> • Interpretation of objective results is difficult and can be easily biased by researcher 	<ul style="list-style-type: none"> • Based on only a selection of relevant partnership related BoP literature (Scopus): not all research of important research center is taken into account • Unclear whether some articles are based on empirical findings (case based) or purely conceptual 	<ul style="list-style-type: none"> • Selection of strategic alliances literature comprises only the tip of the iceberg • Small amount of articles: no cross sector or value chain partnership literature incorporated 	<ul style="list-style-type: none"> • Non random sampling; small sample size of respondents; variety in BoP projects; majority of respondents has a western nationality. These factors hamper generalizability of the results • Internet survey diminishes control of researcher • Some respondents perceived the survey as difficult to answer (technical terms or focus on MNC perspective)

Table 6.1: Overview of results of the different research parts of this thesis

6.2 Theoretical implications

The summary has highlighted the current gaps in the literature and the lessons that could be learnt from complementary survey research and strategic alliances literature review. This has provided a first impression of the recommendations for further research. These recommendations should be underpinned by a reflection on the methodology and content.

6.2.1 Reflection on methodology

This master thesis project has followed an “evolutionary” research methodology approach, which means that it is adapted along the way. The advantage of such a developmental approach is that it allows the researcher to adapt the research to (unexpected) findings. This is especially convenient when the research is of exploratory nature and comprises a large scope. In that case it is unclear what to expect when starting the research and it is needed to limit the scope along the way. The disadvantage of the approach is that the research is prone to lose focus. Another limitation of the research is the lack of case-based research. Longitudinal case studies would provide more insights in the process of partnerships. However given the time constraints of a master thesis it is not possible to cover (multiple) longitudinal research. Nevertheless, a part of the academic literature is based on case-studies (see table 3.2), which enlarges the empirical content. In addition, the survey provides an alternative way to incorporate experiences of different BoP projects. However, the survey has a relatively limited sample size compared to the large target population and is established with non-random sampling based on the network of the researcher. To enlarge the scope of the survey, the survey was posted online. However, the geographical distribution of respondents remained limited in practice, as the survey results cover a Western perspective. The variety in the BoP projects on which the experiences of the respondents are based, and the different capacities in which they were involved in these projects, also hamper the generalizability of the results. However, these limitations also reflect the limitations and biases of the overall BoP research. Nevertheless this should be taken into account when analyzing the results. A summary of the limitations is also provided in table 6.1.

6.2.2 Reflection on the content

The findings of this master thesis have already provided a thorough overview of which conclusions can and cannot be drawn from the BoP literature. It is shown that the BoP literature provides many insights on first phases of the partnership processes in BoP projects. However, the literature remains unclear about the longer term responsibilities of the different partners in a BoP project. It cannot be derived what the optimal division of tasks is in order to increase the BoP project's success. This is partly explained by the heterogeneous character of BoP projects due to the varied context of the BoP (e.g. geographical, institutional, cultural, economic) and the variety in objectives of the BoP projects (e.g. social, economic and/or environmental goals, in a variety of sectors). However, it also unveils the difficulties in linking partnership practices to the BoP

project's success. In the current BoP literature there is still no agreement on the indicators for BoP project's success. It is especially difficult to measure social goals, as they have no specific short term output (how to measure empowerment?) or available data (how to measure income level in an informal economy?). These gaps all contribute to the overall research gap in managing the longer term dynamics in partnerships. More longitudinal case-based research is needed on this, because many partnerships in BoP projects fail or have a lower performance rate, which lead to the inefficient use of (valuable) resources. In addition, strategic alliances literature shows that anticipating on the longer term dynamics should be happening from the start of a BoP partnership. This indicates the need for a (mindset) change in partnership practices.

6.2.3 Recommendations for further research

The research has shown what lessons could be learnt from the strategic alliances practices and from BoP professionals. However, it is recommended to place the BoP literature in a wider (theoretical) context in order to extract lessons from partnership experiences. Section 3.2.2 has already provided an overview of the literature strands to which BoP literature is related. Most strands originate from the business literature; however the development literature could provide additional lessons. Many findings of the BoP literature resemble the experiences of practitioners in partnerships in development projects in a BoP context, which is missing in the business literature. For example, the notion of inclusive management was already present in the late twentieth century in the development literature (Uphoff et al., 1998). In addition, it shows the importance of an evolutionary learning perspective by stating that what is successful is not necessarily what is planned (Lackey, 1993). In addition, the instability of donors and shareholders (e.g. skeptic, possessive, unpredictable) is a familiar risk in development projects (Uphoff et al., 1998). The development literature has documented best and failed practices to diminish shareholder problems, such as standards and M&E (Bajgain et al., 2005). In addition, the development literature contains lessons to enhance support for M&E with local partners, targeting at perceived benefits, seeking to make improvements and qualitative M&E by both independent and project actors (Uphoff et al., 1998). "It is worthwhile to give up, if necessary some speed or precision in M&E to gain more local involvement" (Uphoff et al., 1998, p.139). Moreover, the development literature shows the necessity of incorporating governmental local actors in order to ensure longer term sustainability of the projects (Bajgain et al., 2005).

However, the findings should be translated to a BoP project environment. Many development projects do not have profit targets or private partners involved, however this is changing. In addition, it should be taken into account that the development sector is also not all-knowing, as development collaborations are not automatically successful. Therefore, other literature strands should be researched as well, in order to learn lessons for the management of BoP partnerships. To improve the knowledge on BoP partnerships and to define indicators for success, the following research is necessary:

- Longitudinal case based research of both best and "failed" practices, especially focusing on longer term dynamics in BoP partnerships, to test the findings of this study;

- Literature review to learn lessons from literature on cross-sector partnerships; value chain approaches; social entrepreneurship; international political economy; institutional theories such as varieties of capitalism;
- Factors that determine the optimal position (i.e. responsibilities and roles) of BoP partners in a BoP network and the timing of their involvement (i.e. start and termination/withdrawal), especially of:
 - Western MNCs (facilitating vs. leading, initiating vs. drawing upon local business models) (network analysis, quantitative analysis on business data, interviews)
 - Emerging MNCs originated from countries with BoP regions (possessing valuable (competitive) institutional knowledge of the BoP) (network analysis, quantitative analysis on business data, interviews)
 - Social entrepreneurs (ideal characteristics, flexible and small, to be a broker) (interviews and case studies)
 - NGOs (overly optimistic view on their capabilities) (analysis on organization data, interviews, case studies)
 - Local community (empowerment from a normative / ethical point of view, difference of rural and urban poor) (interviews, comparative case studies)
 - Responsible actor(s) for M&E (internal or external) (comparative case studies; interviews with all actors);
- Factors that influence or predict the kind of partnerships that are needed for specific BoP projects, whether or not based on a classification of BoP partnerships; (comparative case studies. statistical analysis, network analysis)
- Impact of BoP partnerships, especially: (longitudinal case based research, interviews)
 - Social impact on local communities
 - Impact on local competition
 - Impact on local power relations and institutional context
 - M&E of triple P outcomes of BoP projects, especially social and environmental
 - Individual vs. network contributions to the outcomes alias successes
 - Possibility of standards and certification schemes for BoP partnerships or entire value chains

6.3 Managerial implications

Both the vital importance of BoP partnerships for MNCs active in the BoP, as well as the high failure rate of current BoP partnerships, show the importance of this research for the BoP project management of MNCs. This master thesis has revealed some new insights for successful partnering up in BoP projects. As the research is mainly conducted from a firm perspective, these lessons are especially valuable for MNCs. Therefore, this last section provides some practical implications for MNCs that are active in BoP projects.

First of all, this thesis has highlighted the added value of engaging in partnerships for the success of the BoP project and thus the sustainability (both financial and social) of the BoP business model. An MNC does often not possess the unique capabilities to alleviate poverty, as this far outreaches its core business activities. Just as in any other business project, it has the choice to either internally acquire the needed capabilities or to search externally for other parties that

provide access to those unique skills. As the advantages of engaging partnerships are twofold (i.e. access to local capabilities as well as the empowerment the partners, which is part of the goal of a BoP project) the latter strategy is preferable. However, this thesis also pointed out that similar to the strategic alliances in new markets outside the BoP, there is no one size fits all model for BoP partnership practices (Karamhandani, Kubzansky, & Frandano, 2009). Though, some actions are revealed that could diminish the potential for failure of BoP partnerships. These are pictured in figure 6.2 on the next page. In addition, a short description is provided below.

Textbox 1: Explanation of managerial implications of figure 6.2

The most important implication is that the BoP project management of an MNC should change its traditional business mindset for an evolutionary approach of continuous adaptation, the moment they start with a BoP project. It is important to not forget the normative motive for partnerships. As a BoP project goes beyond economic purposes and aims to create social impact, it is important to include local partners and create shared value among all partners. In addition, BoP partnerships are more than traditional business partnerships subject to the influences of the volatile institutional and economic context of the BoP, as they are embedded in the local community. Focusing solely on the micro level of partnerships would ignore the interactions with the informal economy. In addition, there is much uncertainty regarding the success of the BoP project due to the longer time frame for creating social impact and profit. This increases the chance of diminishing support of higher management, donors and shareholders over the longer term. For this, it is important to focus on the strategic function of the BoP partnership within the MNC. Assign a team member(s), who is responsible for the communication with the higher management, donors and shareholders. This incorporates regularly informing about the current state of the BoP partnerships, but also detecting dissatisfaction amongst the stakeholders in time. For this, creating a platform for dialogue and transparent monitoring and evaluation within the partnership are necessary, so the information could be backed by facts.

In addition, many BoP partnerships are engaged with nonprofessional partners, who have fewer experiences and capabilities in project management and collaboration practices. These factors increase the risk for failure of the partnership, if they are not taken into account. Recognizing the differences between partners creates a better understanding, trust and transparency within the partnership. This makes the partnership more resilient towards external and internal negative influences on the longer run. This shift in mindset resembles not only a shift in thinking, but should also stimulate anticipating partnerships practices. The traditional way is not always the best way, so it is important to distance from organizational and cultural routines that are incompatible. Some guidance and focus for this shift in mindset and practices in the partnership process is provided in figure 6.2.

Important to highlight is that the partnership should contain a continuous learning and adaptation cycle. BoP partners should not be afraid to share knowledge, as the leakage of intellectual property is not seen as a large threat to the competitive position of BoP projects, according to the BoP professionals of the survey. Learning platforms should be established that connect BoP practitioners from all different sectors and countries, such as the BoP Innovation Center and the Partnerships Resource Centre. A next step is to make the knowledge tangible and certifiable by means of BoP guidelines inspired by among others ISO 26000 and UN Global Compact guidelines. This will require the experiences of mature BoP projects, so it is important to keep documenting the best and failed BoP partnership practices. The first steps towards standardization can already be made by sharing this knowledge and by reading this master thesis.

Some inspiration to change the MNC mindset...

Focus of step 1

Identification of partners:

“Complementary capabilities & social impact”

- ✓ Internal assessment:
 - Motives for BoP project and partnership
 - Strengths and weaknesses
 - Potential support base for BoP project/partnerships within MNC
 - Capabilities that have an added value for the BoP project
 - Determine required complementary capabilities of partners
- ✓ Identification of partners:
 - Presence of other (local) development or BoP projects in the targeted BoP region to tie up with
 - Diverse mix of partner: civil society, local community, governmental & private partners. Determine their:
 - Social impact potential
 - Possible motives for joining BoP project and partnership
 - Strengths and weaknesses
 - Capabilities that have an added value for the BoP project (e.g. legitimacy, local embeddedness)
 - Risks for collaboration

Focus of step 2

Engaging partnership & aligning goals:

“Creating shared value & trust”

- ✓ Recognition of differences between partners
- ✓ Creation trust between partners
- ✓ Transparency in individual objective and expectations
- ✓ Creation mutual value (win-win)
- ✓ Flexible goals and long term vision
- ✓ Creation of social impact
- ✓ Risk assessment of longer term dynamics
 - external & within partnership
- ✓ Termination conditions (i.e. when partnership has served its purpose or partners malfunction)
- ✓ Sufficient M&E mechanism
 - Balanced metrics for goals & aligned incentives
 - Linkage concrete targets to goals (e.g. social impact> create employment)
 - For both individual and value chain performance

Focus of step 3

Distributing role & responsibilities:

“Transparency is key”

- ✓ Competence based distribution of value chain tasks
 - Incorporate flexibility for changes in competences over time
 - Determine role for MNC: central or facilitating
- ✓ Transparency about deliverables and responsible parties
 - Especially about M&E (e.g. self assessment / external auditor)
- ✓ Sharing ownership and control
- ✓ Training in skills and knowledge transfer between partners
- ✓ Creation of internal strategic function to create internal support
 - Communication to shareholders and donors

Focus of Step 4

Managing partnerships:

“Continuous adaptation”

- ✓ Maintaining trust & transparency by regular partner meetings
- ✓ Dialogue with donors, higher management and shareholders
- ✓ Adaptation of partnership form, objectives and M&E to context
 - Dynamics are not inherently bad
 - Don't forget about social impact
- ✓ Act on M&E results
 - Regular evaluation meetings with partners to discuss M&E results and actions
 - Review contribution of partnership to overall BoP project and act (e.g. termination)
- ✓ Mutual learning within and between BoP partnerships
 - Create open platform for knowledge transfer
 - Establish protocols & value chain standards
 - Share best practices with other actors active in the BoP
 - Explore possibilities for certification schemes and standards

... into that of
a flexible vital
BoP partner

An overall mindset change is the key!

- ✓ Collaborate across organizational boundaries , i.e. see non-traditional business partners as full value chain partners
- ✓ Recognize the differences between BoP partners & let go of traditional organization and cultural routines
- ✓ Be patient and take a longer time frame
- ✓ Take an evolutionary understanding of the partnerships:
 - BoP partnerships and BoP context are intermingled (interdependency of micro, meso and macro level);
 - Continuous adaptation of goals and management practices is required
 - Embrace learning and act upon monitoring and evaluation results (it is an improvement cycle)
- ✓ Don't forget that the creation of social impact is part of the BoP partnerships objectives

Figure 6.2: Managerial implications for BoP partnership practices of MNCs

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Appendices

Appendix | Chapter 2

Appendix A1: Search queries trial in Scopus for T-Lab analysis

Results from different search queries:

1. TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid")
 - Document results: 365
2. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(partnership))
 - Document results: 46
3. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(partner))
 - Document results: 25
4. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(collaboration))
 - Document results: 24
5. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(collaborate))
 - Document results: 0
6. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(alliance))
 - Document results: 29
7. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(cooperation))
 - Document results: 18?
8. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(cooperate))
 - Document results: 4
9. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(network))
 - Document results: 75
10. (TITLE-ABS-KEY("base of the pyramid")) AND ("joint venture")
 - Document results: 1
11. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(partner OR partnership))
 - Document results: 56
12. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(cooperation OR cooperate))
 - Document results: 21
13. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(collaboration OR partnership))
 - Document results: 58
14. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(collaboration OR partnership OR alliance))
 - Document results: 69
15. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(partner OR partnership OR collaboration OR alliance))
 - Document results: 74
16. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(partner OR partnership OR collaboration OR alliance OR cooperation))
 - Document results: 83
17. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(network OR partner OR partnership OR collaboration OR alliance OR cooperation))
 - Document results: 131
18. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(network OR partner OR partnership OR collaboration OR alliance OR cooperation OR cooperate))
 - Document results: 132

19. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND TITLE-ABS-KEY(network OR partner OR partnership OR collaboration OR alliance OR cooperation))
 - Document results: 67
20. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(network OR partner OR partnership OR collaboration OR alliance OR cooperation OR cooperate OR "joint venture"))
 - Document results: 133
21. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND TITLE-ABS-KEY(network OR partner OR partnership OR collaboration OR alliance OR cooperation OR cooperate))
 - Document results: 68
22. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND TITLE-ABS-KEY(network OR partner OR partnership OR collaboration OR alliance OR cooperation OR cooperate OR "joint venture"))
 - Document results: 68
23. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(network OR partner OR partnership OR collaboration OR alliance OR cooperation OR cooperate OR "joint venture") AND ALL(market OR business))
 - Document results: 109
24. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL(network OR partner OR partnership OR collaboration OR alliance OR cooperation OR cooperate OR "joint venture") AND TITLE-ABS-KEY(market OR business))
 - Document results: 91
25. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND TITLE-ABS-KEY(network OR partner OR partnership OR collaboration OR alliance OR cooperation OR cooperate OR "joint venture") AND ALL(market OR business))
 - Document results: 53
26. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND TITLE-ABS-KEY(network OR partner OR partnership OR collaboration OR alliance OR cooperation OR cooperate OR "joint venture") AND TITLE-ABS-KEY(market OR business))
 - Document results: 43
27. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid")) AND (innovation)
 - Document results: 119
28. (TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid") AND ALL("multinational" OR "transnational"))
 - Document results: 88
29. ((TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid"))) AND (multinational)
 - Document results: 65
30. ((TITLE-ABS-KEY("base of the pyramid" OR "bottom of the pyramid"))) AND (transnational)
 - Document results: 61

Appendix A2: Articles selected by Scopus for T-Lab analysis

Articles selected by Scopus for T-Lab analysis		
Year of publication	Author	name
2000	Ramaswamy, E.A., Schiphorst, F.B.	Human resource management, trade unions and empowerment: Two cases from India
2004	London, T., Hart, S.L.	Reinventing strategies for emerging markets: Beyond the transnational model
2005	Arnould, E.J., Mohr, J.J.	Dynamic transformations for base-of-the-pyramid market clusters
2005	Gardetti, M.A.	A base-of-the-pyramid approach in Argentina: Preliminary findings from a BOP Learning Lab
2005	Danse, M., Vellema, S.	Small-scale farmer access to international agri-food chains: A BOP-based reflection on the need for socially embedded innovation in the coffee and flower sector
2006	Chesbrough, H., Ahern, S., Finn, M., Guerraz, S.	Business models for technology in the developing world: The role of non-governmental organizations
2006	Powell, S.	Spotlight on Stuart L. Hart
2006	Koch, J.L., Caradonna, T.M.	Technologies and business models that work in developing countries
2007	van der Vleuten, F., Stam, N., van der Plas, R.	Putting solar home system programmes into perspective: What lessons are relevant?
2007	Weiser, J.	Untapped: Strategies for success in underserved markets
2007	Johnson, S.	SC Johnson builds business at the Base of the Pyramid
2007	Seelos, C., Mair, J.	Profitable business models and market creation in the context of deep poverty: A strategic view
2007	Gardetti, M.Á., D'Andrea, G.	Masisa Argentina and the evolution of its strategy at the base of the pyramid an alternative to the BoP protocol process?
2007	De Mayolo, C.A., Ferré, M.	Analysis of two Peruvian corporations: A framework for understanding base of the pyramid consumers
2007	Barki, E., Parente, J.	Consumer behaviour of the base of the pyramid market in Brazil
2008	Akula, V.	Business basics at the base of the pyramid
2008	Tukker, A., Emmert, S., Charter, M., Vezzoli, C., Sto, E., Munch Andersen, M., Geerken, T., Tischner, U., Lahlou, S.	Fostering change to sustainable consumption and production: an evidence based view
2008	Mutis, J., Ricart, J.E.	Innovation in business models. The base of the pyramid a new field of experimentation [Innovación en modelos de negocio: La base de la Pirámide como campo de experimentación]
2008	Salamon, L.M.	Business social engagement in Latin America: The new alliance for progress?
2008	Wood, V.R., Pitta, D.A., Franzak, F.J.	Successful marketing by multinational firms to the bottom of the pyramid: Connecting share of heart, global "umbrella brands", and responsible marketing
2008	Pitta, D.A., Guesalaga, R., Marshall, P.	The quest for the fortune at the bottom of the pyramid: Potential and challenges
2008	Sridharan, S., Viswanathan, M.	South Indian context
2008	Nielsen, C., Samia, P.M.	Understanding key factors in social enterprise development of the BOP: A systems approach applied to case studies in the Philippines
2008	Jiehui, J., Kandachar, P.	New market, new challenge, new opportunity (1) -overview of China rural healthcare & Design methodology
2008	Vachani, S., Smith, N.C.	Socially responsible distribution: Distribution strategies for reaching the bottom of the pyramid
2009	Hahn, R.	The ethical rationale of business for the poor - Integrating the concepts bottom of the Pyramid, sustainable development, and corporate citizenship
2009	Lakshman, C.	Corporate social responsibility through knowledge leadership in India: ITC Ltd and Y.C. Deveshwar
2009	Samarajiva, R., Iqbal, T.	Banded forbearance: A new approach to price regulation in partially liberalized telecom markets
2009	Chatterjee, S.R.	Multinational firm strategy and global poverty alleviation: Frameworks and possibilities for building shared commitment
2009	Tashman, P., Marano, V.	Dynamic capabilities and base of the pyramid business strategies
2009	Mangos, N.	Investigating the role of Australian business in alleviating poverty in the Asia Pacific region
2009	Viswanathan, M., Seth, A., Gau, R., Chaturvedi, A.	Ingraining product-relevant social good into business processes in subsistence marketplaces: The sustainable market orientation

2009	Skarler, V.	E-Managing ambient organizations in 3D
2009	Ogliastri, E.	Foreword [Presentación]
2009	De Vere, I., Bissett Johnson, K., Thong, C.	Educating the responsible engineer: Socially responsible design and sustainability in the curriculum
2009	International Telecommunication Union	Proceedings of the 2009 ITU-T Kaleidoscope Academic Conference: Innovations for Digital Inclusion, K-IDI 2009
2010	Choi, C.J., Kim, S.W., Kim, J.B.	Globalizing business ethics research and the ethical need to include the bottom-of-the-pyramid countries: Redefining the global triad as business systems and institutions
2010	Mena, S., de Leede, M., Baumann, D., Black, N., Lindeman, S., McShane, L.	Advancing the business and human rights agenda: Dialogue, empowerment, and constructive engagement
2010	Ray, P.K., Ray, S.	Resource-constrained innovation for emerging economies: The case of the Indian telecommunications industry
2010	Kumar, A., Shankar, R., Momaya, K., Gupte, S.	The market for wireless electricity: The case of India
2010	Rivera-Santos, M., Rufin, C.	Global village vs. small town: Understanding networks at the Base of the Pyramid
2010	Webb, J.W., Kistruck, G.M., Ireland, R.D., Ketchen, D.J.	The entrepreneurship process in base of the pyramid markets: The case of multinational enterprise/nongovernment organization alliances
2010	Branzei, O., Abdelnour, S.	Another day, another dollar: Enterprise resilience under terrorism in developing countries
2010	Weidner, K.L., Rosa, J.A., Viswanathan, M.	Marketing to subsistence consumers: Lessons from practice
2010	Rajagopal	Street markets influencing urban consumer behavior in Mexico
2010	Gollakota, K., Gupta, V., Bork, J.T.	Reaching customers at the base of the pyramid-A two-stage business strategy
2010	Mangos, N.	An integrated theoretical framework to identify poverty alleviation strategies for corporate sustainable development: Poverty alleviation strategy of a firm
2010	Hill, T.L., Mudambi, R.	Far from Silicon Valley: How emerging economies are re-shaping our understanding of global entrepreneurship
2010	McMullen, J.S.	Delineating the Domain of Development Entrepreneurship: A Market-Based Approach to Facilitating Inclusive Economic Growth
2011	Fletcher, R.	Internationalisation strategies for SMEs in the decade ahead: Are our theories relevant?
2011	Ray, S., Kanta Ray, P.	Product innovation for the peoples car in an emerging economy
2011	Kistruck, G.M., Webb, J.W., Sutter, C.J., Ireland, R.D.	Microfranchising in Base-of-the-Pyramid Markets: Institutional Challenges and Adaptations to the Franchise Model
2011	Sivapragasam, N., Agüero, A., de Silva, H.	The potential of mobile remittances for the bottom of the pyramid: Findings from emerging Asia
2011	Vargo, S.L.	From Micro to Macro: Stakeholders and institutions
2011	Napier, N.K., Hoang, V.Q.	Getting to the real story: What Vietnamese business people wish foreigners understood about doing business in emerging and transition countries like Vietnam - Before they start
2011	Alur, S., Schoormans, J.P.	Sustainable rural healthcare and social franchisee selection - An India study
2011	Bonsu, S.K., Polska, P.	Governmentality at the base-of-the-pyramid
2011	Chikweche, T., Fletcher, R.	Franchising at the bottom of the pyramid (BOP): An alternative distribution approach
2011	Hart, S.L., Dowell, G.	A natural-resource-based view of the firm: Fifteen years after
2011	Zhou, J., Tong, Y., Li, J.	Disruptive innovation in China's BoP market
2011	Samarajiva, R., Zainudeen, A.	Connecting Asia's poor through the "budget telecom network model": Innovations, challenges and opportunities
2011	Dolan, C., Johnstone-Louis, M.	Re-siting corporate responsibility: The making of South Africa's Avon entrepreneurs
2012	Ramachandran, J., Pant, A., Pani, S.K.	Building the BoP producer ecosystem: The evolving engagement of Fabindia with Indian handloom artisans
2012	Viswanathan, M., Sridharan, S.	Product development for the BoP: Insights on concept and prototype development from university-based student projects in India
2012	VanSandt, C.V., Sud, M.	Poverty Alleviation through Partnerships: A Road Less Travelled for Business, Governments, and Entrepreneurs
2012	?	How Yakult helps reduce poverty: Unconventional partnerships target the poor
2012	Rivera-Santos, M., Rufin, C., Kolk, A.	Bridging the institutional divide: Partnerships in subsistence markets
2012	Van den waeyenberg, S., Hens, L.	Overcoming institutional distance: Expansion to base-of-the-pyramid markets
2012	Bardy, R., Drew, S., Kennedy, T.F.	Foreign Investment and Ethics: How to Contribute to Social Responsibility by Doing Business in Less-Developed Countries

2012	Chikweche, T., Stanton, J., Fletcher, R.	Family purchase decision making at the bottom of the pyramid
2012	Santos, N.J.C., Laczniak, G.R.	Marketing to the base of the pyramid: A corporate responsibility approach with case inspired strategies
2012	Rosa, J.A.	Marketing education for the next four billion: Challenges and innovations
2012	Williams, P.	The terrorism debate over Mexican drug trafficking violence
2012	Ramani, S.V., SadreGhazi, S., Duysters, G.	On the diffusion of toilets as bottom of the pyramid innovation: Lessons from sanitation entrepreneurs
2012	Elaydi, R.	Targeting firm social strategy at the community level in subsistence markets
2012	Barczak, G.	The future of NPD/innovation research
2012	Chikweche, T., Fletcher, R.	Undertaking research at the bottom of the pyramid using qualitative methods: From theoretical considerations to practical realities
2012	Ansari, S., Munir, K., Gregg, T.	Impact at the 'Bottom of the Pyramid': The role of social capital in capability development and community empowerment
2012	Lindeman, S.	Market formation in subsistence contexts: A study of informal waste trade practices in Tanzania and Brazil
2012	Halme, M., Lindeman, S., Linna, P.	Innovation for Inclusive Business: Intrapreneurial Bricolage in Multinational Corporations
2012	Soederberg, S.	The Mexican Debtfare State: Dispossession, Micro-Lending, and the Surplus Population
2012	Schrader, C., Freimann, J., Seuring, S.	Business Strategy at the Base of the Pyramid
2012	London, T., Anupindi, R.	Using the base-of-the-pyramid perspective to catalyze interdependence-based collaborations
2012	Esposito, M., Kapoor, A., Goyal, S.	Enabling healthcare services for the rural and semi-urban segments in India: When shared value meets the bottom of the pyramid
2012	Dolan, C.	The new face of development: The 'bottom of the pyramid' entrepreneurs
2012	Blowfield, M.	Business and development: Making sense of business as a development
2012	Arora, S., Romijn, H.	The empty rhetoric of poverty reduction at the base of the pyramid
2012	Reficco, E., Márquez, P.	Inclusive Networks for Building BOP Markets
2012	Mahama, A.	2012 international year for sustainable energy for all: African Frontrunnership in rural electrification
2012	Schuster, T., Holtbrügge, D.	Market entry of multinational companies in markets at the bottom of the pyramid: A learning perspective

Appendix A3: The classification of journals in which the articles selected by Scopus are published

Journal type " # of articles"	Journal name " # of articles"
Business, "30"	Journal of International Business Studies,"2" Greener Management International,"5" California Management Review,"2" Management Decision,"1" Journal of Business Strategy,"1" Global Business and Organizational Excellence,"1" Academy of Management Perspectives,"1" Harvard Business review,"1" Universia Business Review,"1" Asian Business and Management,"1" International Business Review,"2" Journal of Business Research,"3" Latin American Business Review,"1" Thunderbird International Business Review,"1" Journal of International Management,"1" Journal of Management Studies,"2" Business Strategy and the Environment,"1" Corporate Governance Bingley,"2" Business and Society,"1"
Entrepreneurship, "7"	Entrepreneurship Theory and Practice,"3" International Journal of Entrepreneurship and Innovation Management,"1" Journal of Management,"1" Strategic Direction,"1" Journal of Enterprising Communities,"1"
Ethics,"6"	Journal of Business Ethics,"6"
Innovation,"15"	2006 International Conference on Information and Communication Technology and Development Ictd2006,"1" Journal of Cleaner Production,"1" Conference Proceedings Annual International Conference of the IEEE Engineering in Medicine and Biology Society IEEE Engineering in Medicine and Biology Society Conference,"1" (<i>double listed article</i>) Proceedings of the 30th Annual International Conference of the IEEE Engineering in Medicine and Biology Society EMBS 08 Personalized Healthcare Through Technology,"1"(<i>double listed article</i>) Journal of Theoretical and Applied Electronic Commerce Research,"1" Ds 59 Proceedings of E and Pde 2009 the 11th Engineering and Product Design Education Conference Creating A Better World,"1" International Telecommunication Union Proceedings of the 2009 ITU T Kaleidoscope Academic Conference Innovations for Digital Inclusion K Idi 2009,"1" IEEE Transactions on Engineering Management,"1" Technovation,"1" Picmet Portland International Center for Management of Engineering and Technology Proceedings,"1" Proceedings 2011 10th International Conference on Mobile Business Icmb 2011,"1" Journal of Product Innovation Management,"3" Proceedings of the National Academy of Sciences of the United States of America,"1"
Marketing,"13"	Journal of the Academy of Marketing Science,"1" Journal of Consumer Marketing,"5" Journal of Macromarketing,"3" Journal of Medical Marketing,"1" International Review of Retail Distribution and Consumer Research,"1" Journal of Marketing Education,"1" Qualitative Market Research,"1"
Other,"6"	Grassroots Development,"1" Academia,"1" Info,"1" Focaal,"1" Globalizations,"1" Organization,"1"
Policy,"6"	Energy Policy,"3" International Journal of Regulation and Governance,"1" Business and Politics,"1" Terrorism and Political Violence,"1"

Social,"8"	International Journal of Human Resource Management,"1" Journal of Human Values,"1" International Journal of Interdisciplinary Social Sciences,"1" International Journal of Knowledge Culture and Change Management,"1" International Journal of Human Resources Development and Management,"1" Technological Forecasting and Social Change,"1" Consumption Markets and Culture,"1" Anthropology Today,"1"
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Appendix A4: Modification of corpus of the abstracts

Step 1: Insert new corpus:

The new corpus of the file with abstracts from BoP articles is inserted and the following advanced options are used to adapt the corpus vocabulary:

- Lemmatization: **Yes English**
- Multi-word: **Advanced option** which automatically extracts groups of words that often occur in the corpus. The occurrence threshold is set on 5 and two terms “base of the pyramid” and “bottom of the pyramid” are added, which results in 8 multiwords (see figure 2.4.4)

T-LAB: MULTIWORD LIST

Click and double click column headings to sort.
DOUBLE CLICK ON ITEMS TO REMOVE OR RESTORE

USE THIS LIST TO TRANSFORM YOUR CORPUS	
ITEM	OCC
alleviating poverty	8
base of the pyramid	
bottom of the pyramid	
Business models	10
case studies	8
community level	6
corporate social responsibility	6
poverty alleviation	8

ITEMS OFF THE LIST

- BOP markets
- business and human
- business case
- business ethics
- business model
- business strategy
- challenges faced
- corporate social engagem
- developing countries
- Disruptive innovation
- economic development
- Firms need
- framework for understand
- goods and services
- Innovation for Inclusive
- Intrapreneurial Bricolage
- Journal of Business
- lessons learned
- Millennium Development G
- multinational corporations

NEW ITEM

ADD NEW ITEM TO YOUR LIST

REDUCE YOUR LIST (OCCURRENCE THRESHOLD)

CLEAN OUT YOUR LIST

Figure 2.4.4: advanced multiword list

Appendix A5: Extensive T-Lab analysis results that are left out of the core

T-Lab Analysis | Abstracts

After the corpus of the abstracts is inserted in the T-Lab program and the adaptations are made to the corpus (see this Appendix A4), the three tools of analysis could be used

T-Lab analysis on abstracts | Occurrence analysis

The occurrence analysis provides insights in the composition of the text file. T-Lab produces a vocabulary table with the occurrence rate of all items in the corpus: a total of 3237 word types are detected, from which 2543 lemmas are created with a threshold frequency of four (see figure 2.5.1). "market" is identified as the most frequently used lemma (221) and is together with "BoP", "business", "development", and "social" among the top five (see table 2.5.1). A check of the list reveals that the lemma "market" is a generic term for the lemmas: "Market", "Marketing", "markets" and "marketed", which explains why "market" has the highest occurrence rate. Unfortunately this cannot be changed manually, although marketing (45) would be rather seen as a separate lemma (see figure 2.5.2). This should be taken into account when drawing conclusions.

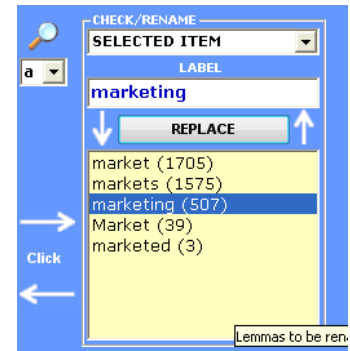


Figure 2.5.2: composition of lemma

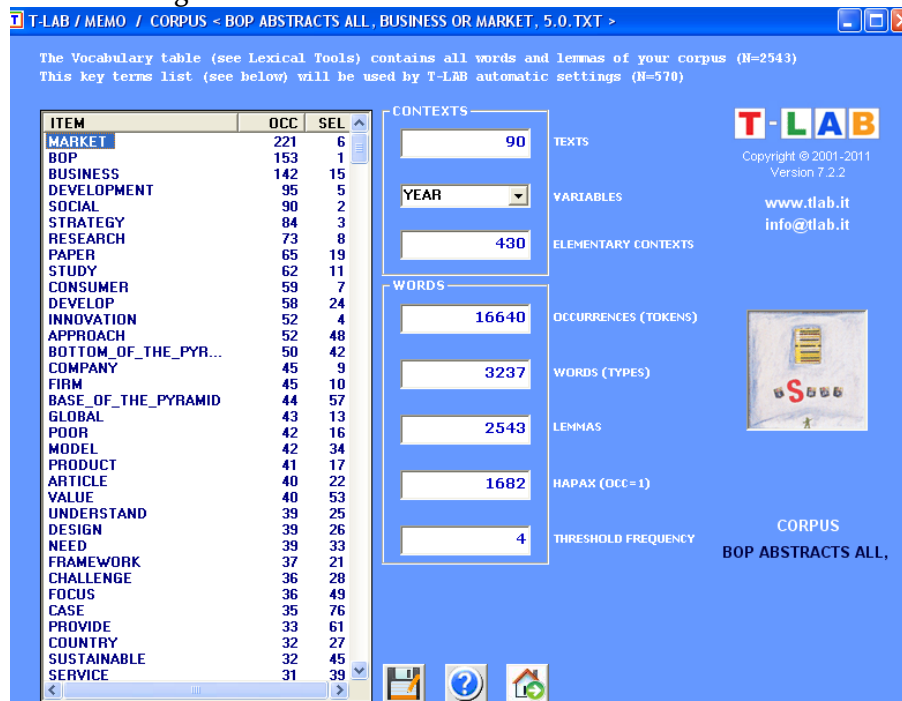


Figure 2.5.1: Vocabulary with occurrence rate

Lemma	Occ.rate
Market	221
BoP	153
Strategy	84
Innovation	52
Company	45
Model	42
Understand	39
Challenge	36
Partnership	29
network	28
Role	27

Table 2.5.1: Occurrence rate for selection of lemmas for co-occurrence analysis

T-Lab analysis on abstracts | Co-occurrence analysis

A co-occurrence analysis identifies the most important word associations that are made with the key lemmas of the corpus. T-Lab uses a "key word selection list" for this analysis. In this list the 570 lemmas with the highest occurrence rate are selected. With the option 'customized' some lemmas are disregarded from the list that are of less direct value for the analysis: "paper", "study", "article", "implication", "literature", and "methodology". Those lemmas have a purely academic meaning, but can distort the results because of their high occurrence rate (>15) which became apparent in some test runs. The disregarding results in a key word list of 564 lemmas from the original list of 570 items with an occurrence threshold of 4.

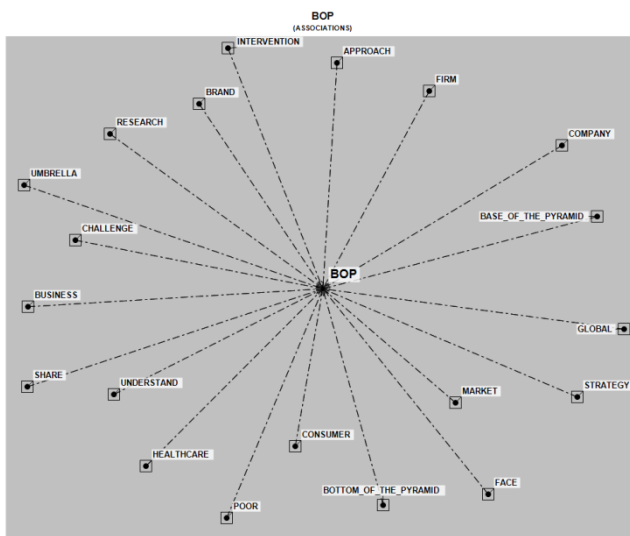


Figure 2.5.3: Word association map of "BoP"

Tool 1: Word associations

A word association map shows insight in the associations that are most often made with key words. This can create new insights in the way researcher's position partnerships in BoP projects. A selection of word associations maps of the following key words (with occurrence rate) is shown in figures (2.5.3 till 2.5.5)

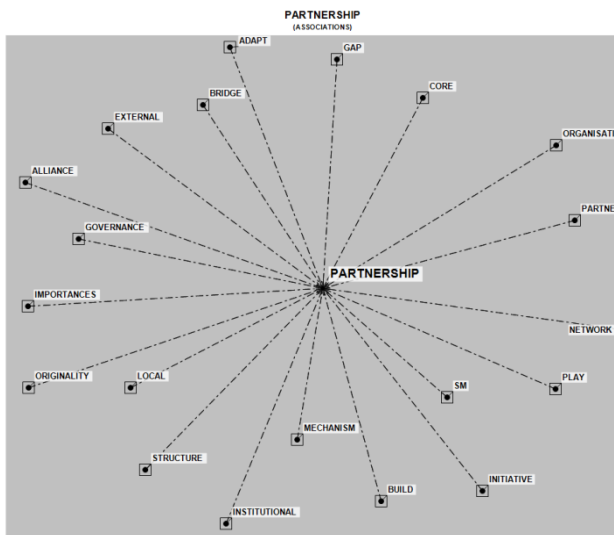


Figure 2.5.4: Word association map of "Partnership"

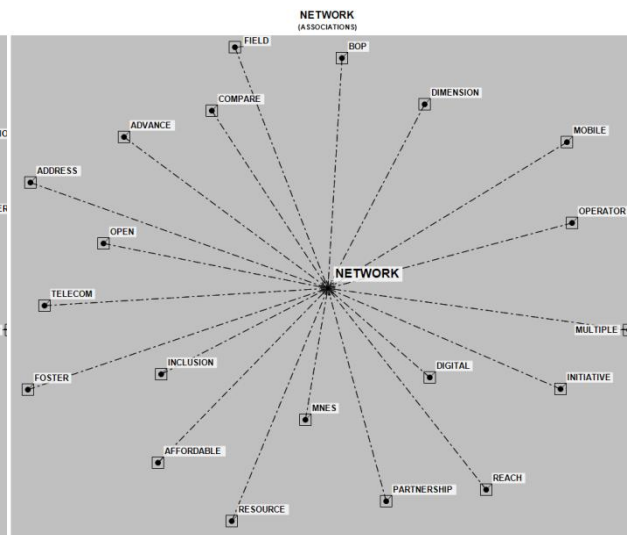


Figure 2.5.5: Word association map of "Network"

Tool 2: Sequence analysis

Another option of the co-occurrence analysis is the sequence analysis in which the predecessors and successors of each lexical unit in the corpus are recorded.

T-Lab analysis on abstracts | Thematic analysis

A thematic analysis extracts partitions out of the contexts and formulates clusters, to which it can assign a theme label to. As the main topics of analysis are “base of the pyramid”, “bottom of the pyramid”, and “bop”, it would make sense that these would form the main clusters, leading to obvious results. Hence, these lemmas are disregarded. This results in a corpus of analysis of 561 items.

Tool 1: Thematic analysis of elementary contexts

A thematic analysis of elementary context produces a representation of corpus contents through a few and significant clusters. These clusters consist of a set of elementary contexts and are described through lexical units (T-Lab help, 2012). With the standard settings T-Lab produces four clusters to which the following name are assigned (see also figure 2.5.6):

- Cluster 1: Distribution
- Cluster 2: Entrepreneurship
- Cluster 3: Strategy
- Cluster 4: India

To obtain more insights in the composition of the clusters T-Lab produces a list of the characteristics of the clusters (see table 2.2 in the core part).

T-Lab analysis on abstracts | Discussion

In this section the results of the T-Lab analysis are analyzed and conclusions are drawn, which should be tested in further research.

Occurrence analysis

The top ten of most frequently occurring lemmas is composed of the main subjects of BoP, as “market”, “BoP”, and “development”. There are no specific “partnership-related” lemmas in the top ten. The lemma “partnership” does occur in the top 50 with an occurrence rate of 29 together with other related lemmas as “company”, “firm”, and “network”. The fact that “consumer” is in the top ten could indicate a more inclusive approach, highlighting the role of “consumers” in a BoP project.

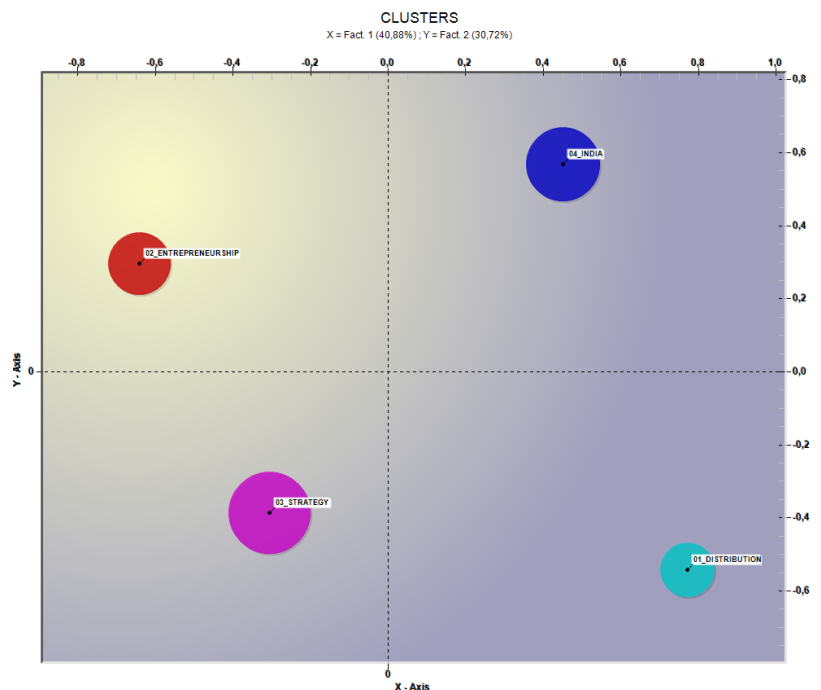


Figure 5.2.6: Thematic clusters in 2D space

Co-occurrence analysis

The second analysis, the co-occurrence analysis, shows the word associations of the frequently occurring lemmas. Focusing on the lemma “BoP”, many general words are associated to it. However, the words “umbrella”, “understand”, and “share” seem to indicate a network oriented focus. Also the lemma “strategy” takes a prominent place in the occurrence list. Closely related to it are words as “assessment”, “community level”, “impact” and “adapt”, which show a focus on evaluation. This could target at the importance of taking a longer term perspective in the strategy of BoP projects. The lemma “innovation” is related to both “intra- and entrepreneur”. More research could be done on the roles of both parties. The lemma “challenge” also unveils some interesting associations, as “meet”, “micro financing”, “manage” and “adapt”. This could indicate a challenge of formulating and managing a business model for BoP projects. With “model” the lemmas “affordable” and “alternative” are associated, which could be interesting subjects for further research. Finally, the associations of the lemma “partnership” indicate that “external”, “local” and “network” is often related to it. However, specific partners, as NGOs or entrepreneurs, are not directly listed in the figure, which could point to a more general discussion on partnerships instead of specific theories on which partners to include. An associated word to highlight is the word “gap”, which could indicate that a gap should (still) be bridged between different partners. This could be one of the challenges in BoP projects.

Thematic analysis

The third analysis, the thematic analysis, has produced four core clusters: “distribution”, “entrepreneurship”, “strategy” and “India”. At first sight these clusters do not seem to be closely related to collaboration practices. However, the theme “distribution” could point toward the role partners could have in the supply chain of BoP innovations. The characteristics list of the theme show the words “aware”, “access” and “adopt”. These could target on the added value the inclusion of (local) partners could have for the distribution process of BoP innovations, as they could create access to the consumers, and support the awareness and adoption. “Franchising” is also a recurring word, which could indicate a specific strategy for collaboration with (local) partners in BoP projects. Also the second theme “entrepreneurship” could be analyzed in the light of partnerships. As main cluster, it highlights the importance of entrepreneurial spirit in BoP practices. Words that are part of the theme - as “empowerment”, “context”, and “dialogue” - seem to target on the inclusion of entrepreneurs and the focus on the (local) context. The third theme “strategy” is a more general theme. The words “micro-franchising” and “community level” could indicate ways to set up (inclusive) BoP projects. Also important are the strongly associated words as “violences”, “ethic” and “underserved”, which could imply a struggle between ethics and business in BoP practices. This issue is often debated in the BoP literature. The last cluster “India” is remarkable as it is very specific, targeting at a country. This could indicate that India is an important country for the BoP projects, most likely as a country in which lots of BoP projects take place. This could guide further research in relation to examples in practice.

Besides the association maps, the cluster analysis also shows the distribution of the clusters over the publication years. It does not seem to show a specific trend toward a dominant cluster, especially when taken into account that the years 200-2005 have no representative sample size (=1). “Strategy” seems to be the most dominant cluster. Interesting is that “India” is every year represented, except for 2000, which confirms the importance as a cluster. In addition, T-Lab has also produced a graph of the distribution of the themes over the different types of journals. All clusters are represented in every journal type. However, policy oriented journals focus less on

“entrepreneurship”, whereas “India” is a large cluster. In business, innovation and marketing journals “entrepreneurship” does not account for a high part of the clusters, which could be counter intuitive. So, it is interesting to figure out what role these journals assign to entrepreneurs in BoP projects. Further research should be conducted on this.

With these analyses the axes of the clusters could be interpreted. Together the clusters explain 71,60% (x=fact 1 (40,88%); Y = Fact 2 (30,72%)) of the variance. All four clusters are in a different quadrant. The X- axis could be interpreted as follows. At the negative side, the left side, the clusters “entrepreneurship” and “strategy” are located. Those seem to comprise more social/human words, as “empowerment”, “alleviating poverty” and “ethic”, targeting at social challenges. The right side is more technology focused, containing more technical words as “mobile”, “operator” and “electricity”, aiming at a more design/ market opportunity and consumer oriented approach. On the vertical axis, the clusters “India” and “entrepreneurship” have positive values and “strategy” and “distribution” negative. Looking into the characteristics of the clusters, the y-axis could explain a more bottom up inclusive business (positive) vs. top down approach (negative values). The cluster “India” contains the words “local”, “rural”, “emerge”, “farmer”, and “mass”, which could indicate a more bottom-up focus. Also the words of the “entrepreneurship” cluster characterize a bottom up approach, as “empowerment”, “agent”, “context”, and “dialogue”. The clusters “strategy” and “distribution” contain more global top down terms, as “access”, “adopt”, “management”, “global”, and “strategic”. So, the meanings that could be assigned to the factorial axes are inclusive vs. technological perspective (x-axis) and bottom up vs. top down approach (y-axis).

Final conclusions

To conclude, the T-Lab analysis on the abstracts has revealed some first insights in the BoP literature on partnerships. It shows that challenges exist in the adaptation process to the BoP, which could be the result of cultural and educational differences. Partnerships could bridge the gap between local parties and the initiating companies. Roles are assigned to the private sector and community, as producers (alleviating poverty) and consumers (pay and buy). But it is not clear whether there is a strict distinction between the roles, as community could also be producers and private sector consumers of locally produced products. The cluster analysis has highlighted the issue of distribution, which could indicate that partners could play an important in that process. However, these conclusions are still quite general. In order to extract more specific results regarding partnerships in the BoP, a second T-Lab analysis is conducted. For this, the corpus contains not only the abstracts of the ninety articles, but also the whole text body of the articles.

T-Lab Analysis | Complete articles

For this analysis the corpus consists of the whole text body of 75 articles about BoP and partnerships.

T-Lab analysis on complete articles | Occurrence analysis

With this input T-Lab produces a vocabulary table with all items that occur more than nine times in the corpus. A total of 23663 word types are detected from which 18450 lemmas are created with a threshold frequency of nine (see figure 5.2.7). Also the occurrence rate of the lemmas is shown. "Market" (3829) is identified again as the most frequently used lemma and forms together with respectively "BoP", "product", "local", and "community" the top five.

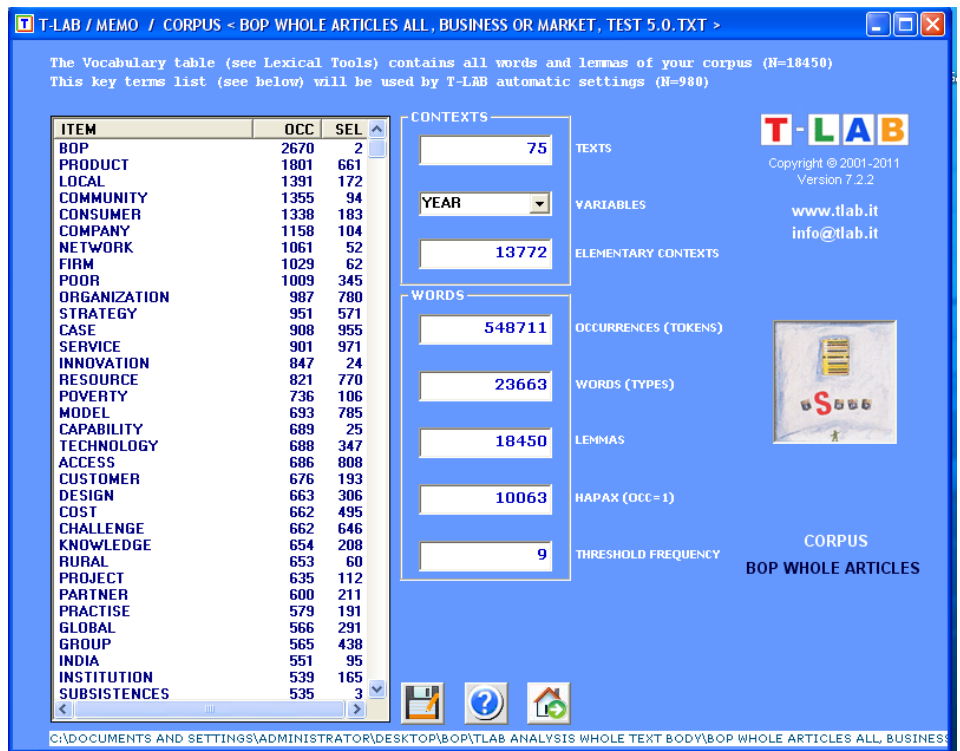


Figure 2.5.7: List of occurring lemmas

T-Lab analysis on complete articles | Co-occurrence analysis

The co-occurrence analysis is limited by the size of the word selection, as it is only able to process a maximum of 1500 lemmas. Therefore, a selection should be made. T-Lab has an automatic selection option in the 'customized' menu, which results in 980 lemmas. After reviewing this list – T-Lab deselected mostly verbs – six words are added to the list, as those are part of the top ten of most frequently used lemmas and therefore, seem to be too important to be left out. The final selection consists of 986 lemmas.

Tool 1: Word association

The following word association maps are highlighted:

- market(3829);
- bop(2670);
- business (2030);
- company (1158);
- **network (1061)**
- strategy (951);
- innovation (847);
- model (693);
- challenge (662);
- knowledge (654)
- **partner (600);**
- **partnership (386);**

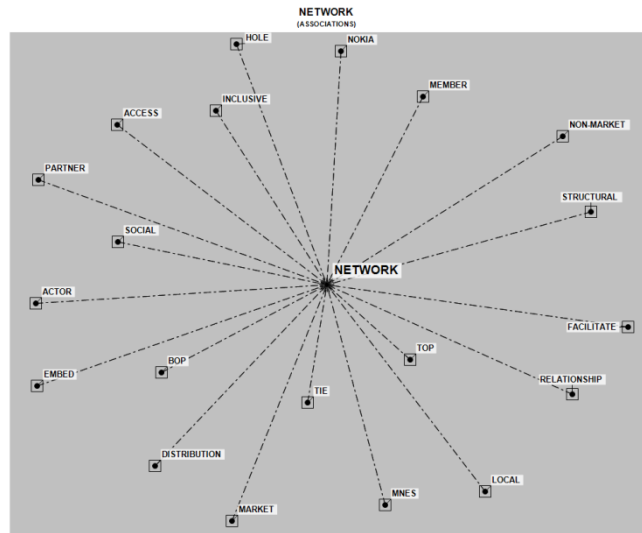


Figure 2.5.8: Word Association Map of "network"

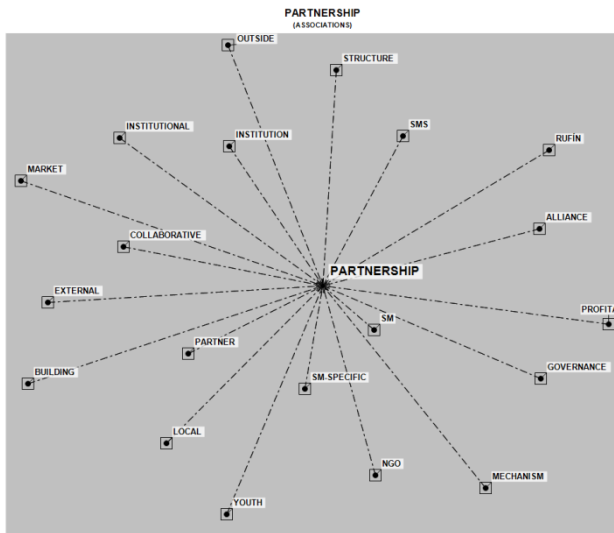


Figure 2.5.9: Word association map of "Partnership"

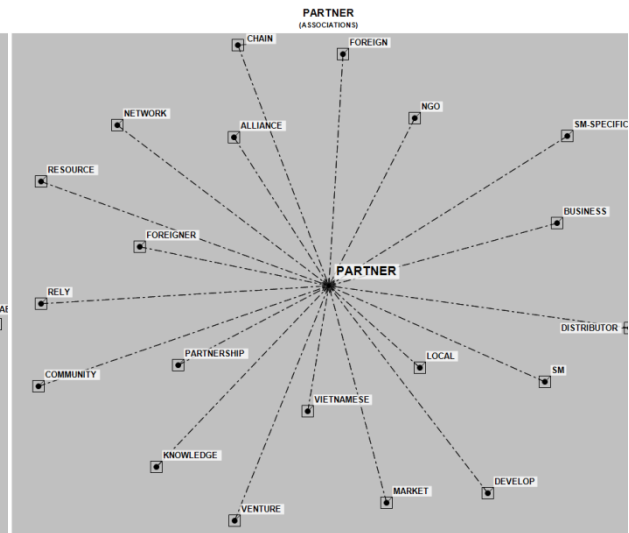


Figure 2.5.10: Word association map of "Partner"

T-Lab analysis on complete articles | Thematic analysis

Also the thematic analysis is restricted to a maximum amount of lemmas that can be processed. Therefore, the same selection as for the co-occurrence analysis is used. Similar to the thematic analysis of the abstracts, the lemmas 'base of the pyramid' (which occurs twice in this list of lemmas), 'bottom of the pyramid', and 'bop' are disregarded. This results in a corpus of analysis of 982 items.

Tool 1: Thematic analysis of elementary contexts

A thematic analysis of elementary context produces five clusters to which the following name are assigned (see figures 2.5.11):

- Cluster 1: India
- Cluster 2: Social
- Cluster 3: Institution
- Cluster 4: Product
- Cluster 5: Poverty

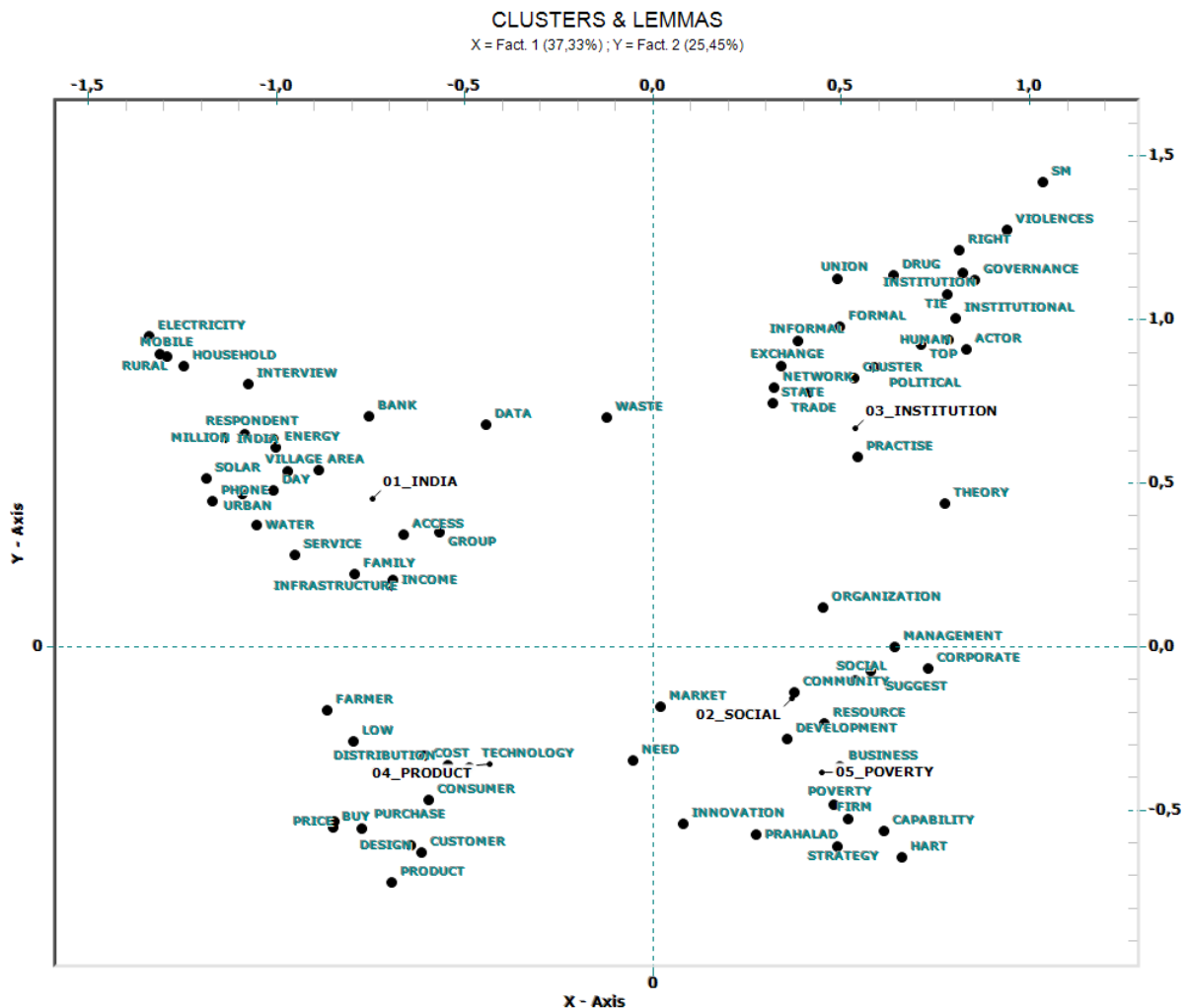


Figure 2.5.11: Thematic clusters and their lemmas in 2D space

Tool 3: Modeling of emerging themes

This tool can discover, examine, and model the main themes emerging from texts. “The themes are described through their characteristic vocabulary and consist of co-occurrence patterns of key-terms” (T-Lab help, 2012). For this analysis the parameter is set on 30 themes (possibility to set between 3-50 themes). T-Lab extracts the 30 main themes, analyzes them by a probabilistic model, and describes them by means of the probability of their characteristic words. The model is then tested and applied. A graphical illustration of the relationship between the different themes is illustrated in figure 2.5.12.

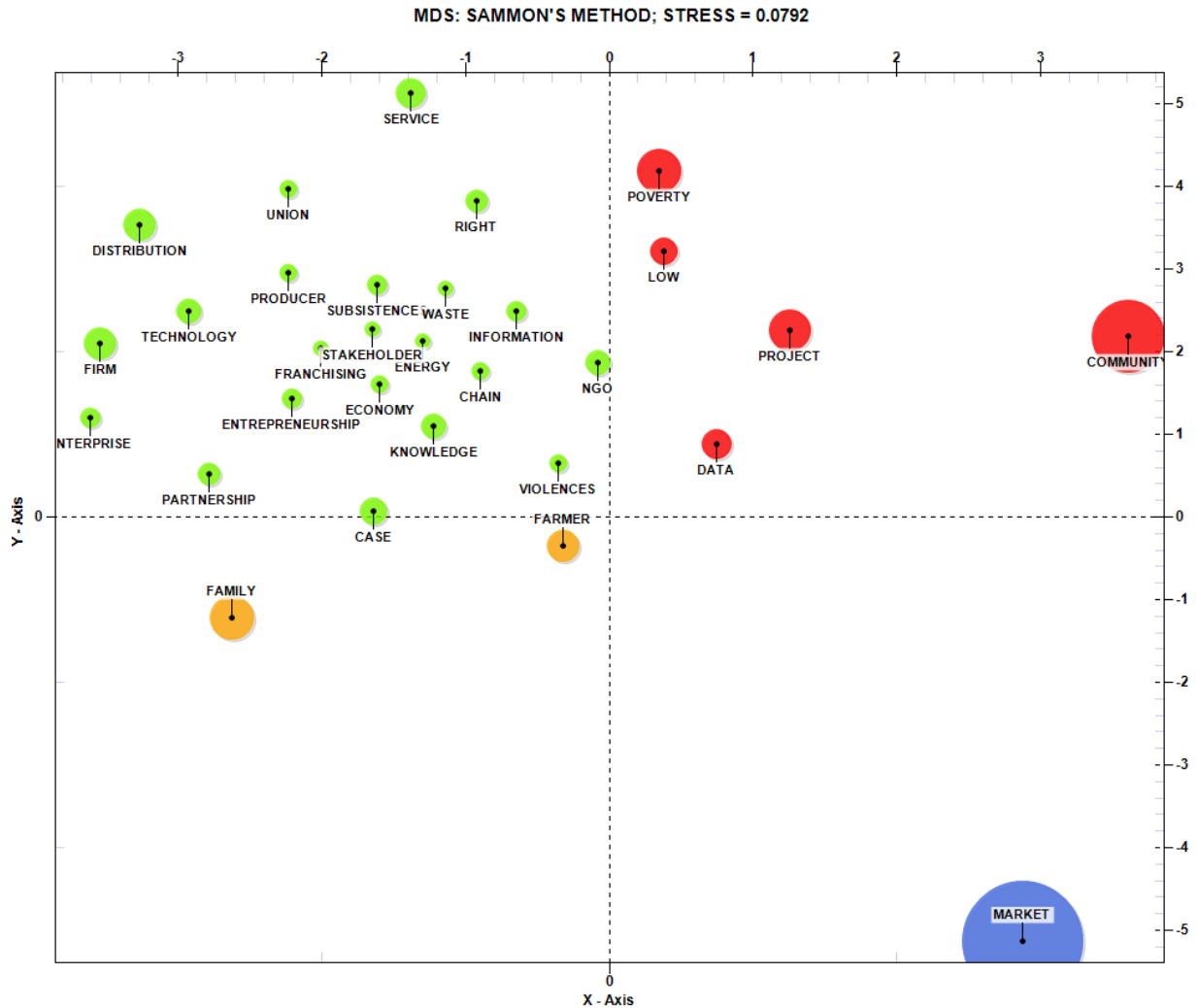


Figure 2.5.12: 2D graph of modeling of emerging themes

T-Lab can also show the characteristics of the specific themes and distinguishes between “specific words” that are specific for one theme only (red colored) and “shared words” that are shared by more themes (blue and grey).

T-Lab analysis on complete articles | Discussion

In this section the results of the different T-Lab analyses are interpreted and conclusions are drawn on the basis of this analysis. To confirm the conclusions the literature should be researched in more detail.

Occurrence analysis

The top of the key term list produced in the occurrence analysis contains some certain partnership related lemmas, as “local”, “community”, “company”, and “network”. Also the lemmas “knowledge” and “access” are highly ranked, which could imply an important role for knowledge transfer. Further research should be conducted on knowledge flows. However, it should be taken

into account that this list is selected by T-Lab (N=980) and some lemmas are left out. This makes comparing with the key term list of the T-Lab analysis on the abstracts more difficult.

Co-occurrence analysis

The co-occurrence analysis shows some interesting word association maps. In the map of “BoP” the lemma “social capital” appears. A thorough literature review should demonstrate what the role of social capital is in BoP projects. Also “Karnani”, one of researchers that are a critical counterpoint to BoP, is associated, which asks for further research of critical literature. The high occurrence rate of “network” could indicate the importance of a network oriented view. Its association map shows some typical network theory specific words, as “structural” “hole”, “tie” and “actor”. It is also related to words that points to the results of a network oriented approach: “embed”, “inclusive”, and “access”. Thirdly, the map of “strategy” indicates some new words as “accumulation” and “dispossession”. Further research should be done on these strategies. The “model” map demonstrates some strategies as “(micro)franchise”, “internationalization”, and “adaptation”. Related to “challenge” are words as “adaptation”, “need”, “unique”, “distribution” and “infrastructure”. It is interesting to research to which specific actors these challenges are linked, and what is proposed in literature to overcome these challenges. In addition, distribution should be a focus for further research, as it is a reappearing subject. The association map of “knowledge” displays words as “access”, “skill”, “transfer”, “local”, “learning”, and “leadership”. Further research should be done on the role of knowledge flows in BoP projects. The association map of “partnership” shows some possible partners, as “NGO” and “youth”. It also shows some important characteristics, as “alliance” and “profitable” and mentions the words “institution” and “institutional”. The “partner” map does not show more specific partner groups, however, it does link partner with “rely”, “knowledge” and “distributor”, which could indicate the contribution partners could bring to BoP projects. The graphs of the predecessors and the successors of “partner” and “partnership” show in what order the words are associated. “Collaborative” and “profitable” are identified as close predecessors, which could indicate that partnerships should be “profitable”. However, all these conclusions should be researched into more depth.

Thematic analysis

The thematic analysis has identified five clusters: India, Social, Institution, Product, and Poverty. The cluster “India” is the only cluster that appeared in both T-Lab analyses. When comparing the composition, the word list of both clusters resembles partially. Interesting is that in the “India” cluster of the current analysis both “rural” and “urban”, and “village” and “million” occur. It should be researched what the influence is of an urban / rural context in BoP projects. The second cluster “Social” contains words that are focused on the “act” part of a project, as “learning”, “building”, and “development”. Also the words “partner” and “knowledge” are high on the list, which indicate an important role for partners in the social spheres, perhaps for creating social impact. The third cluster “institution” highlights the political side of BoP Projects. The cluster contains the words “human”, “right”, “network”, “governance” and “union”. Also “formal” and “informal” are part of the cluster. Previous literature review has highlighted the importance of the informal economy for the BoP and its lack of supporting institutional structures. This “institution” cluster confirms that informal and formal are important words in the cluster. The fourth cluster “product” represents the technological, more economical part of BoP projects. Its list contains the words “design”, “price”, technology, “quality” and “production”. In the list there is a focus on the last part of the supply chain: the distribution and selling, indicated by words as “sell”, “vendor” and “consumer”. The last cluster “poverty” distinguishes itself from “social” by focusing on the business / MNC side. Words as “firm”, “MNCs”, “global”, and “strategy” are part of the cluster

pointing at the action which should be taken. In these clusters, there is a strong focus on the people side of the triple P: the profit and planet part are less prominent.

The distribution of the themes over the years does not expose a clear trend. Taking into account that the years 2000-2005 do not have a representative sample size, the graph shows that from 2006 onwards slightly more attention has been paid to the “institution” cluster. Remarkable once more is that the “India” cluster is represented every year. Overall, a more equal distribution of the different clusters over the articles is developing over the years, which could target at a broader perspective. However, these conclusions should be researched in the literature. The distribution of the themes over the types of article shows that entrepreneurship journals pay more attention to the social and institutional part than to the product part. According to the expectations, much attention is paid to “product”, more economical theme in the marketing articles. Hence, the business articles do not have a bias to this theme. Finally, in the policy related articles less attention is paid to “social” and “poverty” theme, whereas the “India” theme is highly represented. Possibly, more research should be done on the Indian government in BoP projects.

With these analyses the axes of the clusters could be interpreted. Both factors account for 62,78% of the cluster variance. T-Lab could produce correspondence analysis that facilitates interpretation (see figure 2.5.13). Factor 1, the horizontal axe, seems to range from micro level, product, view to macro level, systems, view on BoP projects. The left side is represented by lemmas as “product”, “mobile”, “household” and “customer”, whereas at the right side lemmas as “business”, “institution”, and “strategy” are located.

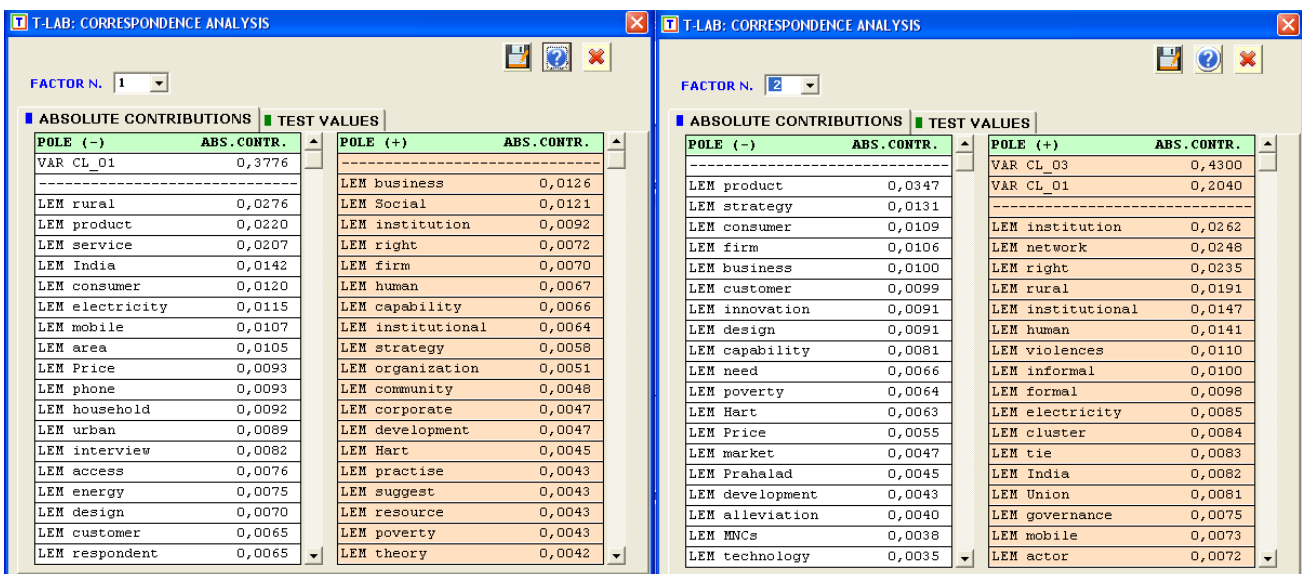


Figure 5.2.13: correspondence analysis of Factors 1 and 2

Factor 2, the vertical axe, seems to represent the level of integration of an institutional context, which targets at the level of an inclusive business perspective. The upper side represents an approach in which the governmental and institutional context is taken into account, characterized by lemmas as “institution”, “right”, and “human”. The lower side represents a more business oriented focus, characterized by lemmas as “strategy”, “firm”, “design”. So the clusters “India” and “product” are more focused on micro, innovation level, whereas the clusters “institution”, “social”, and “poverty” have a more macro perspective. In addition, the clusters “product”, “poverty”, and “social” are more described from a business point of view, while the institution and India clusters take the institutional context into account by taking an inclusive perspective.

The second part of the thematic analysis models the emerging themes from the texts. Thirty themes are extracted. The list (see table 5.2.3) shows more partnership related subjects as “NGO”, “knowledge”, “stakeholder”, “partnership”, “farmer”, and “chain”. In the graph that shows the relationships (see figure 2.5.12) the themes are placed in a quadrants. The quadrant on the left upper side seems to represent a cluster that is more focused on the network and its actors. The left lower quadrant takes a more local focus with “family” and “farmer”. The right upper quadrant seems to enclose more general themes, as “data” and “low”. In the right lower quadrant is only the word market is located. The different figures are shortly discussed in table 2.5.3:

Theme	Observation
Chain	The words “train”, “training” and “workshop” take an important position in the list, which indicates a learning perspective. An important position is also assigned to SHFs (smallholder farmers), which could target at the role farmers have in the supply chain of BoP projects.
Community	Most words are related to healthcare. Public health seems to be an important subject for BoP practices.
Enterprise	Remarkable associations are “terrorism” and “resilience”. This could point to the reputation of enterprises. Also some case studies are related, as “FabIndia” and “Vodafone”
Entrepreneurship	At this theme some focus lies on the strategy to cooperate with or include entrepreneurs. Words as “return”, “incentive”, “underserved”, and “motive” indicate a discussion about the inclusion of entrepreneurs.
Farmer	“Company” and “produce” are associated with famers, which could indicate a partnership between farmers and companies.
Firm	Specific words are “pollution”, “NRBV (Natural resource based view)” and “prevention”, which all point to possible negative externalities of BoP projects.
Franchising	(In which synonym lemmas as franchise, franchisees are disregarded) Words as “scarcity”, “standardize” and “legal” typify the challenge for a franchise model. An often cited case of “Grameen Bank” and “Telenor” is related to the theme. More research should be done on this case in order to get more information on the franchise model.
Knowledge	The words associated with knowledge could represent a knowledge flow. The input is characterized by “local”, “knowledge” and “ability”; the throughput by “building”, “leverage”, and “acquire”; and the output by “social capital”, “transfer”, “commitment”, and “embeddedness”.
NGO	Remarkable is that “network” and “MNE” (multinational enterprise) are specific words. This could confirm the strong relationship NGOs have with MNEs in BoP projects. Also words as “alliance” and “tie” are associated which target at the role of partner for NGOs.
Partnership	The list contains some researchers and highlights the subsistence market (SM). It also shows some possible “regulative” and “normative” mechanisms to manage partnerships, as “contract” and “protocol”.
Producer	More capitalistic words are part of the list. Also no local players are part of the list, which could mean that the view of BoP 2.0 - BoP as producer - is still on the background.
Stakeholder	The list of words shows that stakeholders at all different levels should be taken into account: regional, national, and international.
Union	This is an interesting theme, as the power of the union differs among different countries, especially between developed and developing countries. More

	research should be done on the role of the union in BoP projects.
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Table 2.5.3: Analysis of emerging themes

Important is to notice that these are conclusions based on an objective textual analysis. In order to confirm the conclusions the literature should be researched in more depth.

Final conclusions

This second T-Lab analysis has provided some interesting findings for further research. In general, strong emphasis is placed on the people part of the triple bottom line, while less attention is paid to the planet and profit aspect. This could indicate the lack of a longer term, sustainable, perspective in BoP projects. Further research should confirm this absence. More specific results of the T-Lab analysis are the strong presence of the subject of “distribution” and “India” in the BoP literature, confirming the results of the thematic analysis on the corpus of the abstracts. In relation to it, the strategy of (micro) franchising as a distribution strategy for BoP innovation is highlighted in the results. Moreover, the outcomes mention some specific cases, as Grameen Bank, FabIndia and Nestlé, which could guide the empirical research part of the thesis. In addition, the results show the presence of a network oriented view, highlighting words as “bridge”, “chain” and “inclusive”. Different actors are identified, as NGOs, MNCs, local community and entrepreneurs, but also unconventional parties as “farmers” and “Union”. A thorough literature review should identify what the contribution is of these different actors to a BoP project. Remarkable is that the word “trust” is nowhere identified as a significant lemma, though the general stance on BoP projects has indicated that it would be play an important role in a BoP project. Further research should be conducted on these findings.

T-Lab analyses finished

Appendix | Chapter 3

Appendix B1: Specific indicators and measurements for BoP projects

Project goal	Measures
Poverty alleviation:	<p>Presence of basic human services (Chatterjee, 2009; Chesbrough, 2006)</p> <p>Substantive outcomes (Chatterjee, 2009)</p> <ul style="list-style-type: none"> - Access to market - Access to organization - Access to ecosystem <p>Social aspects such as health improvement (Schrader, Freimann, Seuring, 2012)</p> <p>Revenue targets that ensure a baseline level of income for community team members (Simanis, Hart 2008)</p> <p>Real income of the poor (Karnani, 2007)</p>
Empowerment:	<p>Measures linked to the realization of civil and political rights and vice versa (Mena, 2010)</p> <p>Capability transfer or retention (Ansari, Munir, Gregg, 2012)</p> <p>Milestones that emphasize learning and failing forward (Simanis, Hart, 2008)</p>
Ecological effects	<p>CO² emission reduction (Schrader, Freimann, Seuring, 2012)</p> <p>Potential negative eco-effects due to increased resource and energy usage (such as waste) (Schrader, Freimann, Seuring, 2012)</p>
Quality	<p>Internationally recognized voluntary standards (Danse, Vellema, 2005)</p> <p>Pre-established standards with stakeholders (Reficco, Márquez, 2012)</p>
Profitability	<p>Margins and volumes by sustainable social development (Chatterjee, 2009)</p> <p>Higher than average profits than in traditional markets to compensate for the risks involved (Rivera-Santos, Rufin, 2010, p.136)</p> <p>Generation of sufficient financial returns for companies to justify investments (Seelos, Mair, 2007, p.49)</p> <p>Limited profitability targets in the early phase of the BoP activities (Schrader, Freimann, Seuring, 2012)</p>
Overall success	<p>BoP assessment framework of London (2009) with measures on the ground in(Chatterjee, 2009):</p> <ul style="list-style-type: none"> - Economic situation - Capabilities - Relationship ➤ It establishes the potential (cross) impact on constituents (Buyers, seller, community) <p>The extent to which it moves beyond traditional, ad hoc and personalized charity to become more institutionalized, more focused and more closely integrated with core business strategies (Salamon, 2008, p.2)</p>

Appendix | Chapter 4

Appendix C1: Selection of academic articles for strategic alliance literature review

By M. Clodt (Personal communication, November 1, 2012)

Selection of academic articles for strategic alliances literature review		
2000	Anand, B.N., Khanna, T.	Do firms learn to create value? The case of alliances
2011	Arslan, A., Larimo, J.	Greenfield investments or acquisitions: impacts of institutional distance on establishment mode choice of multinational enterprises in emerging economies
2007	De Man, A.P., Duysters, G.	The second state of alliance management study 2007
2009	Dolfsma, W., Duysters, G., Costa, I.	Multinationals and emerging economies: The quest for innovation and sustainability
1996	Doz, Y.L.	The evolution of cooperation in strategic alliances. Initial conditions or learning processes?
2005	Duysters, G., Van den Oord, A., Post, G.	Handboek strategische allianties
2001	Dyer, J. H., Kale, P., Singh, H.	How to make strategic alliances work
1998	Dyer, J.H., Singh, H.	The relational view: cooperative strategy and sources of interorganizational competitive advantage
2006	Gulati, R., Nohria, N., Zaheer, A.	Strategic networks
2002	Hagedoorn, J.	Inter-firm R&D partnerships: an overview of major Trends and patterns since 1960
1990	Osborn, R.N., Baughn, C.C.	Forms of interorganizational governance for multinational alliances
1997	Osborn, R.N., Hagedorn, J.	Institutionalization and evolutionary dynamics of interorganizational alliances and networks

Appendix | Chapter 5

Appendix D1: Methodology | Survey design

Partnering up in the BoP - TU/e 2012-2013

Dear sir / madam,

I hereby send you a link to a survey for my graduation project "Partnering up in the BoP" of the master Innovation Sciences at Eindhoven University of Technology. This survey contributes to the empirical part of the project, that together with an extensive literature review accounts for a full master thesis in Innovation Sciences.

The aim of this survey is to obtain more insights in the partnership practices of multinational companies (MNCs) in Base of the Pyramid (BoP) innovation projects. A review of academic BoP literature has highlighted the importance of creating a BoP network of partnerships with market and non market, local and non local partners for the success of the BoP project. By means of this survey the theoretical findings regarding partnerships in BoP projects are tested in practice.

You, as a professional from the BoP field, are invited to fill in this questionnaire based on your experience regarding partnership practices in BoP projects. It will take approximately 20 minutes of your time, as it substitutes for a thorough case study and interviews, which I am unfortunately not able to conduct due to medical restrictions. However, there are some optional questions that you could skip in the case of time shortage, which diminishes the duration. With your answers, a better understanding of the challenges regarding partnership practices in BoP projects is gained. This could fill the research gaps in the current BoP literature around partnerships between MNCs and (non) traditional partners.

-The deadline of the survey is on Friday 21st of December 2012 -
(If you have problems meeting this deadline and still would like to participate, please email me the 19th of December 2012 at latest).

Thank you in advance!

Kristine van Tubergen,
Master student Innovation Sciences,
Eindhoven University of Technology (TU/e)
k.p.j.v.tubergen@student.tue.nl

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Welcome!

Thank you for participating in this research project on partnerships in Base of the Pyramid (BoP) innovation projects. This survey is divided into five parts reflecting the collaboration process of establishing a partnership in a BoP project. Part 2 - 5 start with a number of propositions. Some questions are optional, which you could skip, when you have a lack of time, or cannot / do not want to answer. Confidentiality clause: Your answers will be used for research purposes only. These surveys will remain confidential and will not be distributed. If you have any questions about these policies, please email to k.p.j.v.tubergen@student.tue.nl.

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Boundaries of this survey

Because of the current debate centered on the definitions in BoP literature, it is important to define the boundaries of the survey clearly: 1) This survey focuses on BoP projects that are initiated by a multinational company (MNC) in order to create business solutions that create value for both the poor and the partners involved, while eradicating poverty. 2) The BoP is defined as the part of the world population that lives in deep poverty and primarily lives and operates in an informal market economy (London, Anupindi, 2012). 3) In this survey, the focus is on partnerships that combine economic and social goals, and are established between an MNC originating outside the BoP and other actors that could be originated in or outside the BoP.

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Part 1: Background information

Please answer the questions about the period (situation and time) when you were, or still are, involved in a BoP project (as it could be possible that you switched jobs / functions in the meanwhile). If you have participated in multiple BoP projects, choose one project for choice for the project-specific questions. Participation could also mean that you have been a consultant for or or did research in a specific BoP project.

In which organization are you involved? (At the time of the BoP project) *With "local" is meant "originated from the host country(ies)". The host country is the country in which the BoP area is located.

- Multinational corporation (MNC)
- Local MNC
- Small and medium enterprise (SME)
- Local SME
- Social entrepreneur
- Local social entrepreneur
- Government sector
- Local government sector
- Non-profit sector
- Local non-profit sector
- Non-profit sector
- Local non-profit sector
- Research institute
- Local research institute
- Other:

What function do you have in that organization? *Describe in a few sentences at most

How long have you been active in the field of BoP projects? *

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Part 1: Background information

Information on the BoP project you are involved in

To which sector does the BoP project belong? *More answers are possible

- Agriculture
- Apparel & clothing
- Consumer goods
- Construction
- Energy
- Finance
- Food
- Health care
- ICT
- Other:

What is the targeted BoP area? *Name one or more countries

What is your specific function in the BoP *Describe in a few sentences at most

Which MNC outside the BoP is the initiator of the BoP project? Optional

What is the experience of this MNC in BoP projects? Optional

- Finished: Part 1 out of 5 -

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Part 2: Entering the BoP: Identification and assessment of possible partners | Propositions

In this survey, a partnership could be seen as a collaboration between an MNC originating outside the BoP and other actors active in the BoP, that could be originated in or outside the BoP. These parties could be among others MNCs, NGOs, local community actors, private sector and government sector actors. The partnership combines social and economic goals. Here are some propositions about the identification and assessment of partners in a BoP project. Please indicate your level of agreement with each proposition.

Proposition 1: "Partnerships are of vital importance for the success of your BoP project." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 2: "The first partner to approach is an NGO already active in the targeted BoP area." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 3: "All partners that are identified for the BoP project, should be included as early as possible in the BoP project." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 4: "The more experience in BoP projects, the more successful is the process of identification and assessment of partners." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 5: "A clear protocol for the identification and assessment of partners in a BoP project would enhance the process of engaging partnerships for an MNC." *

1 2 3 4 5

Strongly disagree Strongly agree

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Part 2: Entering the BoP | Detailed questions

Questions on your experiences in a specific BoP project

The literature highlights the challenges that are encountered when initiating BoP projects. Which of these challenges can be overcome with the help of engaging partnerships in general? *More answers are possible

- To overcome geographical isolation
- To integrate local knowledge into strategic decisions

- To gain trust to enter BoP market
- To set up a business model for consumers with low purchasing power
- To work with chain partners with a low educational background
- To overcome lack of regulatory / institutional framework
- To work in an informal economy
- To reduce costs
- Other:

Identifying the three most important partners: Who is the first most important actor for an MNC that aims to initiate a BoP project (partner 1)? *With "local" is meant "originated from the host country(ies)". The host country is the country in which the BoP area is located.

- Local community: individuals (as community leaders)
- Local community: groups
- Civil society: grassroots movements
- Civil society: large international NGOs
- Civil society: small international NGOs
- Civil society: local NGOs
- Private sector: social entrepreneurs (non for profit organization)
- Private sector: local social entrepreneur
- Private sector: SME
- Private sector: local SME
- Private sector: local large company
- Private sector: other MNCs besides the initiating MNC
- Private sector: financial institutions
- Government sector: local authorities (village and regional level)
- Government sector: national or state level government of host country
- Government sector: national or state level government of home country
- Government sector: research institutes
- Government sector: international governmental organization
- Other:

Who is the second most important actor for an MNC that aims to initiate a BoP project (partner 2)? *With "local" is meant "originated from the host country(ies)". The host country is the country in which the BoP area is located.

- Local community: individuals (as community leaders)
- Local community: groups
- Civil society: grassroots movements

- Civil society: large international NGOs
- Civil society: small international NGOs
- Civil society: local NGOs
- Private sector: social entrepreneurs (non for profit organization)
- Private sector: local social entrepreneur
- Private sector: SME
- Private sector: local SME
- Private sector: local large company
- Private sector: other MNCs besides the initiating MNC
- Private sector: financial institutions
- Government sector: local authorities (village and regional level)
- Government sector: national or state level government of host country
- Government sector: national or state level government of home country
- Government sector: research institutes
- Government sector: international governmental organization
- Other:

Partner 1: What is the main contribution of this partner to the BoP project? *More answers are possible

- Possess knowledge of local market needs and circumstances
- Possess innovative capacity (i.e. technological or R&D skills)
- Possess operational capabilities (i.e. distribution, maintenance, service)
- Possess recruiting and training capabilities
- Possess evaluation and monitoring capabilities
- Possess financial resources
- Possess 'reputational' capital (i.e. well known brands)
- Possess managerial expertise
- Possess authority in the local area (i.e. permission)
- Provide access to legitimacy (i.e. local reputation of trust)
- Provide access to local networks (i.e. organize local community + private sector)
- Provide access to global networks and markets (i.e. distribution system, global partners)
- Provide institutional support (i.e. regulatory, infrastructural)
- Protect the poor
- Other:

Partner 2: What is the main contribution of this partner to the BoP project? *More answers are possible

- Possess knowledge of local market needs and circumstances

- Possess innovative capacity (i.e. technological or R&D skills)
- Possess operational capabilities (i.e. distribution, maintenance, service)
- Possess recruiting and training capabilities
- Possess evaluation and monitoring capabilities
- Possess financial resources
- Possess 'reputational' capital (i.e. well known brands)
- Possess managerial expertise
- Possess authority in the local area (i.e. permission)
- Provide access to legitimacy (i.e. local reputation of trust)
- Provide access to local networks (i.e. organize local community + private sector)
- Provide access to global networks and markets (i.e. distribution system, global partners)
- Provide institutional support (i.e. regulatory, infrastructural)
- Protect the poor
- Other:

Who is the third most important actor for an MNC that aims to initiate a BoP project (partner 3)? (Optional, only if a third partner is present) With "local" is meant "originated from the host country(ies)". The host country is the country in which the BoP area is located.

- Local community: individuals (as community leaders)
- Local community: groups
- Civil society: grassroots movements
- Civil society: large international NGOs
- Civil society: small international NGOs
- Civil society: local NGOs
- Private sector: social entrepreneurs (non for profit organization)
- Private sector: local social entrepreneur
- Private sector: SME
- Private sector: local SME
- Private sector: local large company
- Private sector: other MNCs besides the initiating MNC
- Private sector: financial institutions
- Government sector: local authorities (village and regional level)
- Government sector: national or state level government of host country
- Government sector: national or state level government of home country
- Government sector: research institutes
- Government sector: international governmental organization

- Other:

Partner 3: What is the main contribution of this partner to the BoP project? (Optional) More answers are possible

- Possess knowledge of local market needs and circumstances
- Possess innovative capacity (i.e. technological or R&D skills)
- Possess operational capabilities (i.e. distribution, maintenance, service)
- Possess recruiting and training capabilities
- Possess evaluation and monitoring capabilities
- Possess financial resources
- Possess 'reputational' capital (i.e. well known brands)
- Possess managerial expertise
- Possess authority in the local area (i.e. permission)
- Provide access to legitimacy (i.e. local reputation of trust)
- Provide access to local networks (i.e. organize local community + private sector)
- Provide access to global networks and markets (i.e. distribution system, global partners)
- Provide institutional support (i.e. regulatory, infrastructural)
- Protect the poor
- Other:

Reversal of the situation: Has a partner ever approached the initiating MNC itself to partner up, instead of the MNC approaching a partner? *

- Yes
- No
- I don't know

- Finished: Part 2 out of 5 -

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Part 3: Setting up the BoP project: Aligning goals and assigning roles | Propositions

Here are some propositions about the alignment of goals and assignment of roles in a BoP project. Please indicate your level of agreement with each proposition.

Proposition 1: "Creating shared goals for the BoP project is impossible in practice, as including all the stakeholders in the goal setting process is impeding the project (governance problems)." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 2: "Flexibility in the objectives is a prerequisite for a BoP project." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 3: "For BoP projects the objective of quick returns should be eliminated." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 4: "It should be clear from the start of the partnership, when the partnership should be terminated or adapted." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 5: "The degree of financial ownership should not determine the degree of control of a partner in a partnership." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 6: "A trade off should be made between the social challenges to address and technological opportunities to seize within the project objectives." *

1 2 3 4 5

Strongly disagree Strongly agree

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Part 3: Setting up the BoP Project | Detailed questions

Questions on your experiences in a specific BoP project

Does the BoP project have other social goals, besides "poverty alleviation"? *

- Yes
- No

If yes, please specify: Optional

Does the BoP project have environmental goals? *

- Yes
- No

If yes, please specify: Optional

What is the expected time frame to make profit in the BoP project? *(in months)

Have the original objectives of the BoP project been modified by partners of the BoP network during the project? *

- No
- Yes, by key partners
- Yes, by all partners involved
- Other:

What challenges are present regarding aligning goals in partnerships? *More answers are possible

- To agree upon norms and values in the partnership given the difference in normative standards between partners
- To establish an equal distribution of social and financial benefits
- To establish an equal distribution of tasks and responsibilities
- To create trust towards partners, as business and civil society are at odds
- To integrate local norms, values and beliefs in the business model
- Other:

- Finished: Part 3 out of 5 -

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Part 4: Longer term dynamics within the BoP project | Propositions

Here are some propositions about the longer term dynamics within partnerships in a BoP project. Please indicate your level of agreement with each proposition.

Proposition 1: "The more interdependent the BoP partners are, the more successful the partnerships will be in the long run." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 2: "The initiating MNC must not maintain a central position in the BoP network: it should share control over their activities with other actors." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 3: "The inherent power asymmetry within a BoP partnership creates some incentives to self-restraint and patience in the partnership." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 4: "In order to create a mutual interest within a BoP partnership the concept of shared ownership is important." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 5: "Instability of financial support, from both shareholders of MNCs and donors of NGOs, is a large threat towards the continuity of BoP project." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 6: "A BoP project should not be a part of the corporate social responsibility (CSR) or philanthropic policy of the initiating MNC." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 7: "Direct ties between the BoP project department and the top management of the MNC is a prerequisite for the longer term success of the BoP project." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 8: "Earlier experience of an MNC in BoP projects enhances the successful management of longer term dynamics in partnerships in BoP projects." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 9: "Knowledge from business partnership practices outside the BoP could easily be transferred to BoP projects." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 10: "In order for BoP projects to scale up, the MNC should withdraw from active involvement in the current BoP project and move on to other BoP regions." *

1 2 3 4 5

Strongly disagree Strongly agree

Question on your experiences in a specific BoP project

In which growth phase is the BoP project? *

- Development
- Introduction
- Growth
- Maturity
- Scaling up to other BoP region
- Close down

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Note: "Go to page" selections will override this navigation. [Learn more.](#)

Part 4: Longer term dynamics | Detailed questions

Which dynamics occur in your experience within partnerships of the BoP network? And what is their influence on the success of the partnership? * If the challenges do not occur in your BoP project, please check "do not occur in the project" (Question based on your experiences in a specific BoP project)

	Negative influence on reaching project goals	No influence on reaching project goals	Positive influence on reaching project goals	Do not occur in the project
Change in the objectives of the BoP project	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Change in strategic objectives of partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Change in power relations between partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Instability of political regime	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of operational and/or financial instability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leakage of intellectual property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Malfunctioning of partners (i.e. opportunistic behavior)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Negative influence on reaching project goals	No influence on reaching project goals	Positive influence on reaching project goals	Do not occur in the project
of partners, fraud, pursue their own agenda)				
Over-dependency on partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shareholder problems (i.e. instability of donors; losing legitimacy; diminishing internal support)	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Withdrawal of partners from the project	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

To what extent can these dynamics be managed in your opinion? (optional) If the challenges do not occur in your BoP project, please check "no influence on the BoP project" (Question on your experiences in a specific BoP project)

	Lead to failure of project objectives	Difficult to manage	To manage with some effort	Easy to manage	No influence on the BoP project
Change in the objectives of the BoP project	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Change in strategic objectives of partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Change in power relations between partners	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Instability of political regime	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of operational and/or financial instability	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Leakage of intellectual property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Lead to failure of project objectives	Difficult to manage	To manage with some effort	Easy to manage	No influence on the BoP project
Malfunctioning of partners (i.e. opportunistic behavior of partners, fraud, pursue their own agenda)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over-dependency on partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shareholder problems (i.e. instability of donors; losing legitimacy; diminishing internal support)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Withdrawal of partners from the project	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If there are other longer term dynamics in partnerships that are currently not part of the list, please

specify: Optional

What are the most important actions for successful partnerships? *Please check three boxes at most

- Acknowledge differences between partners
- Build highly personalized relationships
- Build trust
- Become locally embedded
- Create reciprocal relationships
- Create transparency and oversight
- Emphasize process over speed in decision making
- Establish mutual interest within the objectives
- Substitute for institutions

- Work together with key decision- and policymakers
- Other:

What is necessary for scaling up the BoP project to other BoP regions? (optional) More answers are possible

- Consistency in quality
- Continuously upgrading skills and capability set of partners
- Feedback mechanism
- Pilot project in new BoP region
- Professionalization of value chain
- Robust platform
- Standardization of BoP innovation
- Strong local player
- Withdrawal of the MNC from current BoP project
- Other:

- Finished: Part 4 out of 5 -

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Go to page 14 (Part 5: Evaluation & Monitoring)

Part 4: Expected longer term dynamics | Detailed questions

Which dynamics do you expect to occur within partnerships of the BoP network? And what would be their influence on the success of the partnership? *

	Negative influence on reaching project goals	No influence on reaching project goals	Positive influence on reaching project goals	Will not occur in the project
Change in the objectives of the BoP project	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Change in strategic objectives of partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Change in power relations between partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Instability of political regime	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Negative influence on reaching project goals	No influence on reaching project goals	Positive influence on reaching project goals	Will not occur in the project
Lack of operational and/or financial instability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leakage of intellectual property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Malfunctioning of partners (i.e. opportunistic behavior of partners, fraud, pursue their own agenda)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over-dependency on partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shareholder problems (i.e. instability of donors; losing legitimacy; diminishing internal support)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Withdrawal of partners from the project	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If there are other expected longer term dynamics in partnerships that are currently not a part of the list,

please specify:

What are the most important actions for successful partnerships? *Please check three boxes at most

- Acknowledge differences between partners
- Build highly personalized relationships
- Build trust
- Become locally embedded
- Create reciprocal relationships
- Create transparency and oversight
- Emphasize process over speed in decision making

- Establish mutual interest within the objectives
- Substitute for institutions
- Work together with key decision- and policymakers
- Other:

What is necessary for scaling up the BoP project to other BoP regions? (optional) More answers are possible

- Consistency in quality
- Continuously upgrading skills and capability set of partners
- Feedback mechanism
- Pilot project in new BoP region
- Professionalization of value chain
- Robust platform
- Standardization of BoP innovation
- Strong local player
- Withdrawal of the MNC from current BoP project
- Other:

- Finished: Part 4 out of 5 -

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Part 5: Evaluation & Monitoring

Here are some propositions about the evaluation and monitoring in a BoP project. Please indicate your level of agreement with each proposition.

Proposition 1: "The weak institutional context in the BoP impedes the enforcement of formal agreements in partnerships in BoP projects, making them unsuitable for the BoP." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 2: "Providing financial incentives is necessary in a BoP partnership to reach goals." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 3: "The creation of guidelines and manuals would help the management of the partnerships in the BoP." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 4: "There is a lack of appropriate monitoring technology and certification schemes for the BoP." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 5: "The government sector plays a vital role in reaching the social goals in the BoP Project." *

1 2 3 4 5

Strongly disagree Strongly agree

Proposition 6: "Sharing lessons among MNCs about their partnership practices in the BoP is effective." *

1 2 3 4 5

Strongly disagree Strongly agree

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Part 5: Evaluation & Monitoring | Detailed questions

Questions on your experiences in a specific BoP project

Does the BoP project have key performance indicators (KPIs) to measure the progress? *

- Yes
- No
- I don't know

What other tools are used regarding monitoring and evaluation of the partnerships in the BoP project? *More answers are possible

- Individual evaluation
- Joint evaluation
- Partnership metrics
- Partnership metrics
- There is no monitoring and evaluation plan as far as I know
- Other:

What challenges exist for the evaluation and monitoring of the BoP project?Optional



How is the follow-up on the evaluation measurements ensured?Optional



- Finished: Phase 5 out of 5 -

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You have finished! Thank you very much for your time!

If you have any comments, additional questions, or would like to clarify responses, please feel free to

write them down here:



If you would like to stay informed about the results of this research, please write down your email

address:



Survey design finished

Appendix D2: Results | Overview of challenges that can be overcome with partnerships

The literature highlights the challenges that are encountered when initiating BoP projects. Which of these challenges can be overcome with the help of engaging partnerships in general?

To integrate local knowledge into strategic decisions	16	84%
To gain trust to enter BoP market	16	84%
To set up a business model for consumers with low purchasing power	12	63%
To work in an informal economy	11	58%
To overcome geographical isolation	9	47%
To reduce costs	8	42%
To overcome lack of regulatory / institutional framework	6	32%
To work with chain partners with a low educational background	5	26%
Other	5	26%

People may select more than one checkbox, so percentages may add up to more than 100%.

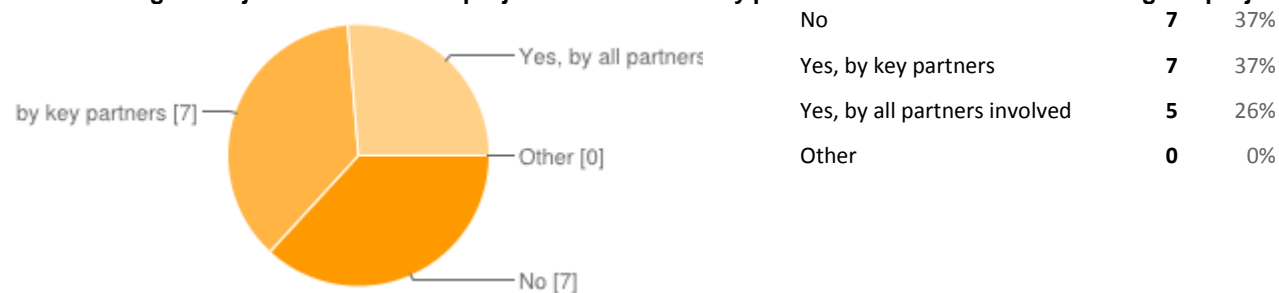
Appendix D3: Results | Identification of the three most important partners

Identify the three most important partners for your BoP project

Civil society: local NGOs	11	58%
Private sector: local SME	6	32%
Local community: groups	5	26%
Civil society: large international NGOs	5	26%
Government sector: national or state level government of host country	5	26%
Government sector: local authorities (village and regional level)	4	21%
Private sector: financial institutions	4	21%
Private sector: local social entrepreneur	4	21%
Other (incl. none)	3	16%
Government sector: national or state level government of home country	2	11%
Government sector: research institutes	2	11%
Local community: individuals (as community leaders)	2	11%
Private sector: local large company	2	11%
Private sector: SME	2	11%
Civil society: grassroots movements	0	0%
Civil society: small international NGOs	0	0%
Government sector: international governmental organization	0	0%
Private sector: other MNCs besides the initiating MNC	0	0%
Private sector: social entrepreneurs (non for profit organization)	0	0%

Appendix D4 Results | Adaptation of goals within BoP projects

Have the original objectives of the BoP project been modified by partners of the BoP network during the project?



Appendix D5 Results | Comparison of the expected and experienced longer term dynamics within in BoP partnerships between private and non-profit respondents

	Longer term dynamics within partnerships (N=17)			
	Business: Based on expectations (N=5, >50%)	Non-profit: Based on expectations (N=5, >50%)	Business: Based on experiences (N=5, >50%)	Non-profit: Based on experiences (N=2, >50%)
Challenges occurring (according to >50% of respondents)	Change in the objectives of the BoP project (+)	Change in the objectives of the BoP project (+)	Change in strategic objectives of partners (-)	Lack of operational and/or financial instability (-) difficult
	Change in power relations between partners (- or 0 or +)	Change in power relations between partners (- or + or 0)	Change in power relations between partners (- & +)	Shareholder problems (-) difficult
	Instability of political regime (-)	Instability of political regime (-)	Instability of political regime (-) difficult	
	Lack of operational and/or financial instability (-)	Lack of operational and/or financial instability(-)	Lack of operational and/or financial instability (-)so so / difficult	
	Leakage of intellectual property (-)	Leakage of intellectual property (-)	Malfunctioning of partners (-) so so	
	Malfunctioning of partners (-)	Malfunctioning of partners (-)	Shareholder problems (-) difficult	
	Over-dependency on partners (-)	Over-dependency on partners (-)		
	Shareholder problems (-)	Shareholder problems (-)		
	Withdrawal of partners from the project (-)	Withdrawal of partners from the project (-)		
		Change in strategic objectives of partners (+ or -)		
Challenges not occurring (according to >50% of respondents)	Change in strategic objectives of partners (-)		Change in the objectives of the BoP project	Change in the objectives of the BoP project (0)
			Leakage of intellectual property	Change in strategic objectives of partners (-)
			Over-dependency on partners	Change in power relations between partners (-)
			Withdrawal of partners (/-, mixed)	Instability of political regime (-) difficult
				Leakage of intellectual property (-)
				Malfunctioning of partners (-) so /failure
				Over-dependency on partners (-)
				Withdrawal of partners (-)

Appendix E1: Draft publication

Submission of draft for publication series of BoP Innovation Centre

See: <http://www.bopinc.org/en/updates/publications/>

The issue of successful partnering up in BoP projects has not gone unnoticed in the BoP literature. With the shift from BoP 1.0 to the inclusive business perspective of BoP 2.0 in practice, also came a changed stance on partnerships in academic literature.

Current academic insights

reveal that partnerships serve to create local trust to enter the BoP market; overcome inadequate regulatory frameworks; and enable the integration of local knowledge into strategic decisions. There is growing attention for a partner-network perspective with concepts like “creating shared value and ownership”. Besides NGOs as key partners, also other partners, like local authorities and SMEs, are found to be responsible for value chain activities. Moreover, the central position of MNCs is questioned (e.g. Rivera Santos, Rufin, Kolk, 2012). Some researchers assign a more facilitating role to the MNC, i.e. providing access to business resources to other BoP partners, who have more legitimacy and flexibility. The assessment of internal capabilities and complementary partner strengths has become more important. However, a dominant partnership path still remains to be determined. The importance and structure of partnerships highly depend on specific BoP project characteristics.

Building trust

Within the BoP literature much attention has been paid to the first phases of the partnership process, i.e. identifying partners, aligning goals and assigning responsibilities. However, establishing partnerships is one thing; managing partnerships is another. Building trust is key! Other useful practices noted in the literature include:

- Acknowledging differences between partners;
- Becoming locally embedded;
- Cooperating with key policymakers;
- Creating reciprocal, highly personalized relationships;
- Emphasizing process over speed in decision making;
- Establishing mutual interest within objectives;
- Substituting for missing institutions.

Longer term dynamics

Despite observing these good practices, some difficult partnership challenges might manifest only in the longer run. The objectives of the BoP project or individual partners could change. Also operational/financial instability may occur; intellectual property may leak, and power relations may change. Internal support could diminish due to shareholder or donor problems. Moreover, the

(political) context puts pressure on BoP partnerships. The BoP literature does not provide many strategic insights for managing these dynamics. So, what lessons could be learnt from dynamics within ‘traditional’ business partnerships?

Lessons from traditional partnerships

BoP partnerships differ from traditional partnerships in that more inexperienced, non-traditional partners are involved. Moreover, these parties have to collaborate with local partners embedded in a local informal economy with large income inequalities and external market deficits. In addition, attaining triple P objectives require a long term focus. However, some lessons could be learned from traditional partnerships literature (e.g. Duysters, Van den Oord, Post, 2005):

- Take an evolutionary approach, such as flexible goal setting and continuous adaptation to circumstances;
- Create ties between BoP project management and higher management to secure internal support and commitment;
- Think about exit strategies at the start of the partnership to avoid confusion later on. Withdrawal of partners does not have to be a negative event in itself.

More about BoP partnership challenges can be found in the master thesis of Van Tubergen (2013, Eindhoven University of Technology), which also contains reflection on the literature findings by some BoP professionals. For them, the longer term dynamics don't come

as a surprise, as practitioners are aware of them. Acknowledging differences; building trust; creating transparency and accountability; and managing knowledge, within and between partners, contribute to a partnership's success. Private and non-profit actors believe that

both the MNC and a strong local player should stay actively involved in the longer term. Challenges remain in developing rigorous yet practical monitoring and evaluation practices in order to enhance mutual learning. You are invited to think along!