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## 9 Partnerships for poverty alleviation: Cross-sector and B2B collaboration in the Base of the Pyramid markets

Marjo Hietapuro & Minna Halme

### Abstract

Poverty alleviation is arguably the most burning social sustainability problem globally, and business innovation for market-based means of poverty alleviation has proliferated in recent years. The so called base of the pyramid (BOP) and inclusive market streams of research emphasise that such innovation calls for companies' collaboration with untypical allies, in particular with non-governmental organisations (NGOs) and local micro-entrepreneurs. Yet the research of partnerships and partner roles in BOP business models has relied predominantly on piecemeal and anecdotal evidence. In order to start filling the gap, this study addresses partnerships in the business models of companies in the BOP markets through a literature review and an analysis of 20 BOP business models. We provide an overview of the different kinds of partnerships that companies doing business at the BOP may form with various types of actors, such as NGOs, local micro-entrepreneurs, companies, government agencies, intergovernmental organisations, and universities. We identify nine categories of roles that partners can take in BOP business: co-developers, suppliers, distributors, complementors, customers, microfinance providers, brokers, funders, and impact assessors. Contrary to much of the BOP literature, our findings indicate that also traditional partnerships with governmental organisations are of importance for companies conducting business in BOP markets. In addition, it turns out that not only foreign, but also local companies equally need partnerships with actors that are close to the BOP.

Keywords: Base of the pyramid (BOP), partnerships, partner roles, poverty alleviation

### Introduction

In recent years, there has been growing interest in the so called Base of the Pyramid (BOP) approach, according to which companies can help eradicate poverty by entering the market of the 4 billion underserved people at the base of the world economic pyramid, and make profit at the same time (Prahalad & Hart, 2002; Hahn, 2009). Despite attractive market potential, succeeding in these markets is not easy, and thus the need for complete rethinking of business models has been repeatedly emphasised in BOP literature. In particular, there has been a call for companies to build new kinds of partnerships with actors, such as citizen sector organisations and local micro-entrepreneurs, which are familiar with the BOP. These non-traditional partnerships are considered important because very few companies have traditionally been operating in the BOP markets, and thus, companies tend to be very unfamiliar with them (e.g., Hart, 2005; Klein, 2008; Prahalad, 2005;).

Although partnerships have been frequently promoted in BOP literature, the evidence is fragmentary. A literature review of Rivera-Santos & Rufin (2010) on networks in the BOP context suggests that networks differ significantly from the ones at the top of the pyramid in terms of structural characteristics, boundaries, ties, partner diversity, and dynamics. Many

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authors have focused on describing BOP ventures' partnerships especially with non-governmental organisations (NGO) or poor communities. It is argued that the capabilities needed by companies when operating at the BOP can be best provided by NGOs rather than traditional partners, such as national governments, since these actors rarely have necessary knowledge about, or embeddedness in, the BOP (e.g., Hart, 2005; Klein, 2008; London & Hart, 2004; Prahalad, 2005; Rondinelli & London, 2003). From the perspective of poverty alleviation NGOs are seen to safeguard that the solutions are pro-poor.

However, an integrated approach to the types of partners that are used in BOP business and the roles that various partners fulfil is still missing. This study aims to bridge that gap by analysing from an empirical vantage point what kinds of partners companies collaborate with in BOP business, and what kinds of roles different partners have in the BOP business models. To that end, we systematically analyse 20 BOP business models. As our aim is to particularly provide knowledge on partnerships needed for business-based innovation of poverty alleviation, we selected BOP business models that have a company as the central actor.

The term partnership is used in this study in a broad sense, referring to any type of an arrangement that a company can make to collaborate with another entity. Partnerships can be, for example, joint ventures or strategic alliances with other companies, cross-sector partnerships with governments or nonprofits, or partnerships with the individuals and communities at the BOP.

In the remainder of this paper we first review the relevant literature, then briefly describe the data and method, and finally discuss the main contributions of this study to the literature and to BOP business practice.

## Partnerships of business firms at the BOP: Why and with whom?

This section reviews the previous literature in order to shed light on why companies may want to form partnerships and which types of actors they collaborate with when doing business at the BOP.

### 1) Partnerships as a way to gain resources in BOP business

According to the resource-based view of networks and strategic alliances, firms essentially use alliances to gain access to valuable resources of their partners (e.g., Das & Teng, 2000; Uzzi, 1996; Gulati, Nohria, & Zaheer, 2000). The rate of alliance formation is likely to increase when market conditions are difficult and when firm strategies are risky or innovative. In such situations, alliances can provide critical resources, both concrete ones such as specific skills and financial resources as well as more abstract ones such as legitimacy (Eisenhardt & Schoonhoven, 1996).

Alliances may help firms overcome various challenges at the BOP. One of these challenges is the underdeveloped state of business ecosystems in the BOP environments. When entering the BOP markets, firms may find that the suppliers, distributors, or support services that are taken for granted in "top of the pyramid markets", do not exist at the BOP. For example, there can be gaps in the economic infrastructure, such as electricity or water supply, in support activities, such as financing or distribution, and in the information infrastructure

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(Rivera-Santos & Rufin, 2010). Consequently, companies operating at the BOP increasingly reach out to external collaborators who can “fill in pieces of the (value) system that they themselves cannot” (Jenkins & Ishikawa, 2009). Such collaborators may include companies in complementary lines of business, government agencies, civil society organisations, microfinance institutions, international development agencies, and international financial institutions (ibid). In addition, challenges imposed, for example, by dispersed locations, unfamiliarity of the markets, limited market information, mistrust of the BOP individuals toward business firms, inadequate knowledge and skills of the BOP individuals, ineffective regulatory environments, and the great costs and risks involved, may all further contribute to the need to form partnerships at the BOP (Klein, 2008; Sánchez, Ricart, & Rodríguez, 2005; UNDP, 2008).

Moreover, operating at the BOP may require new capabilities that can be fuelled through partnerships. London and Hart (2004) emphasise the need for social embeddedness, or the ability to integrate with the local BOP environment. This involves the ability to create a web of trusted connections with a diversity of organisations and institutions.

The BOP literature frequently argues that the challenges of the BOP environment and the need for new capabilities cannot be met through cooperation with traditional partners, such as national governments and large companies, since these actors rarely have necessary knowledge about, or embeddedness in, the BOP (Hart, 2005; Klein, 2008; London & Hart, 2004). Therefore, the BOP literature emphasises the need to cooperate with non-traditional partners, such as NGOs, local community groups, local governments, and local entrepreneurs when operating at the BOP (e.g., Hart, 2005; Klein, 2008; London & Hart, 2004; Prahalad, 2005). It is argued that non-traditional partners are the most likely partners to possess the local understanding and information on the local context, legitimacy, embeddedness, infrastructure, and relationships (Rondinelli & London, 2003; Klein, 2008).

The above is not to say that partnerships in BOP business are always easy to manage. Yet they can help companies to gain the resources that are needed to tackle a variety of challenges at the BOP. In particular, partnerships may be useful in functions such as distribution, marketing, human resources recruitment and business model development (Sánchez et al., 2005).

## **2) Partnerships with different actors in BOP business**

Next we move on to discuss companies’ partnerships with different types of actors, including discussion of benefits of partnerships with various actors and the roles these actors can take in the BOP business models.

### Partnerships with BOP individuals and communities

In BOP business, local micro-entrepreneurs can be engaged either as suppliers or distributors of products and services. In addition, the people at the BOP can collaborate in conducting market research, giving community-based training, and co-creating innovations (UNDP, 2008).

Engaging the people at the BOP as suppliers can benefit both the companies and the local communities. While the BOP micro-entrepreneurs can gain new skills, assistance in raising

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productivity, and perhaps better prices for their products, companies can gain benefits such as increased quality, traceability, and sustainability of supply, which, are increasingly important particularly in agriculture, forestry, and apparel (Jenkins et al., 2007). Moreover, local content reduces the need of transporting raw materials and capital equipment, which can be prohibitively expensive, or simply impossible, because of the poor infrastructure in many subsistence marketplaces (Weidner, Rosa, & Viswanathan, 2010).

Local micro-entrepreneurs appear relatively often engaged as distributors in the BOP business models. Distributing products and services through BOP micro enterprises can be an effective strategy for reaching especially rural target markets at the base of the pyramid (UNDP, 2008; Hoyt & Jamison, 2007; Jenkins & Ishikawa, 2009). In this context, the word distribution does not refer only to distributing products, but rather to a broad spectrum of various functions at the BOP customer interface. At the same time, the BOP micro-entrepreneurs can be consumers for the products and services.

Microfranchising appears an increasingly popular way to engage BOP suppliers and distributors (Gibson, 2007). Although the exact definition of the concept is still debated upon, it can perhaps be stated that the main characteristic of microfranchising is that operations are streamlined and replicated to scale through micro-enterprises (e.g., Christensen, Parsons, & Fairbourne, 2010; Gibson, 2007). However, very extensive control and standardisation of processes may not be desirable, especially in distribution activities, since various BOP markets can be very heterogeneous (Christensen et al., 2010).

#### Partnerships with NGOs and MFIs

Partnerships between companies and NGOs have been frequently promoted in the BOP literature (e.g., & Chesbrough, Ahern, Finn, & Guerraz, 2006; Drayton & Budinich, 2010). The power of company-NGO partnerships lies in the complementary strengths of the participants: Businesses offer scale, expertise in manufacturing and operations, and financing, while social entrepreneurs and organisations contribute lower costs, strong social networks, and deep insights into customers and communities (Drayton & Budinich, 2010).

NGOs can advise companies on low-income communities' needs and potential opportunities (WEF, 2009a) and their understanding of the local environment can help MNCs develop initial ideas into valuable opportunities (Webb et al., 2010; Chesbrough et al., 2006). Moreover, through their networks and relationships with the local societies, they can help companies overcome voids of formal institutions and build legitimacy and trust between the BOP community and the MNC (Webb et al., 2010), as well as assist in recruiting, organising, and training the BOP micro-entrepreneurs (WEF, 2009a; Chesbrough et al., 2006; London, Anubindi, & Sheth, 2010).

Also microfinance institutions (MFIs) have been promoted as potential partners in BOP business. While their obvious role is to provide credit to BOP consumers and BOP micro-entrepreneurs, making it possible for poor producers and consumers to finance investments or large purchases (UNDP, 2008), they can also, for example, fulfil the function of recruiting the micro-entrepreneurs (Dalberg, 2009)

#### Partnerships with governments

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In BOP literature, the role of governments in BOP business has typically been neglected, or companies have been advised to avoid dependency on governments altogether in order to avoid problems like corruption and bureaucracy (Hart, 2005; Klein, 2008). On the other hand, other authors claim there can be a lot to gain from cooperation with governments as well, and in some cases, government cooperation may be an essential condition for doing business at the BOP (UNDP, 2008).

#### Partnerships with companies

Although the importance of non-traditional partners has been emphasised in the BOP literature, also inter-company alliances may be needed to reach synergies in BOP business. The literature on these alliances – although limited – suggests that companies may benefit from aligning complementary investments, sharing supply and distribution costs, or joining their forces to improve the business environment. Furthermore, companies may pool their resources to gather market information, take collective action to fill gaps in market infrastructure (such as cold chains, sewage treatment plants or processing and packaging facilities), or self-regulate through setting common standards for their industries (UNDP, 2008; WEF 2009b)

#### Other partnerships

Reficco and Marquez (2009) found that the BOP ventures they examined had benefited from contributions of organisations providing financial, intellectual or social “seed capital”. These contributions were often short-lived but important to assure the viability of the enterprise. This kind of supporting organisations may be donors, intergovernmental organisations, and research/academic institutions, which all may have important roles to play in BOP business models (WEF, 2009b). For example, they can undertake or fund R&D for new product development targeted to poor communities’ needs; conduct research to identify pro-poor business and market development opportunities and communicate them to stakeholders; mobilise stakeholders around common priorities; fund the start-up phase of new business models to enable experimentation; conduct public education campaigns on key products or concepts; monitor, evaluate and assess impacts of business models; and share best practices and lessons learned, regionally and globally (ibid).

Especially external funding may be crucial for BOP ventures since as the business requires complex partnerships and may not immediately offer attractive rates of return it might lose out to other more conventional business proposals in the competition for in-house funding (WBCSD, 2004b). External funding can be received, for example, from multilateral financial institutions, bilateral development agencies, private foundations, or social loan and venture funds (ibid).

## Data and methodology

The research was conducted as a multiple-case study of 20 BOP business models of both foreign and local companies from various sectors and countries. The research approach involved both deductive and inductive steps. In the beginning previous research was reviewed in order to find out what were the main observations about companies’

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partnerships at the BOP (deductive step). The findings of the empirical study were used to complement and extend the suggestions of the previous literature (inductive element).

Potential cases were identified from various sources (listed below).

- Case study bank of the UNDP’s Growing Inclusive Markets initiative
- Case study bank of the World Business Council for Sustainable Development
- C. K. Prahalad: “The Fortune at the Bottom of the Pyramid” (2005)
- Kandachar and Halme (Eds.): “Sustainability Challenges and Solutions at the Base of the Pyramid” (2008)
- Fairbourne, Gibson, & Dyer. (Eds.): “Microfranchising: Creating Wealth at the Bottom of the Pyramid” (2007)
- World Economic Forum: “The Next Billions: Business Strategies to Enhance Food Value Chains and Empower the Poor” (2009)
- Nokia’s Expanding Horizons publications
- Various academic articles

The initial criterion was that a business enterprise should be the central actor in the business model. Identification of cases was followed by a search for data on partnerships used in the cases, first from the case studies and then from complementary sources. Finally, the 64 potential cases were screened against the data needs and cases on which sufficient partnership data were missing were excluded, eventually leaving 20 cases for analysis. Nine of them were local and 11 foreign companies, mainly MNCs. They represent altogether 10 sectors (Table 1).

Table 1: Cases by sector and country of origin

Sector	Local company	Foreign company
ICT	1	4
Financial services		4
Energy/Water/Sanitation	2	1
Food		2
Agriculture	1	
Irrigation	1	
Forestry	1	
Artisanal goods	1	
Recycling	1	
Cosmetics	1	
Sum	9	11

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The collected data included the name of the venture, type(s) of actor(s) owning the venture, source, description of the BOP activities, country of operation, and descriptions of how different partners were engaged with under the categories of various types of partners (BOP individuals and communities/ NGOs and MFIs/ governments/ companies/ other). The data was collected mainly from existing case studies and company websites, and complemented with selected interviews. Case companies' sectors, short description of their main activity, organisation type, key partners and countries of operation appear in Table 2.

As to data analysis, first within-case analysis was conducted in order to assess individual cases with regard to how the partnerships operate in practice and what kinds of purposes they serve (cf. Eisenhardt, 1989). Then the data on partnerships were categorised according to the type of actor collaborated with. Hence, the observed partnerships were listed under categories of different types of actors: BOP individuals and communities/ NGOs and MFIs/ governments/ companies/ other. In the category of "BOP individuals and communities", the data were further subcategorised based on whether the entrepreneurs were organised into associations or not and whether the partners were existing entrepreneurs or new entrepreneurs created by the company. In the category of "NGOs and MFIs", the partnerships were further subcategorised on the basis on size of the organisation. Moreover, the government partnerships were further subcategorised based on whether the partner was a local-, regional-, municipal- or national government.

Next, on the basis of the observed roles that partners had in the cases, nine categories of partner roles were created. These were: co-developers, suppliers, distributors, complementors, customers, microfinance providers, brokers, funders, and impact assessors. The creation of partner role categories involved a repeated iteration, and the categories had to be modified several times before the stage was reached that all roles manifested in the data were captured by them. Within each of these categories, the data were further analysed based on the type of actor engaged in the role. Hence, the end result was a list of the types of actors that may be engaged as partners in each of the nine partner roles (Table 3). Finally, a search for cross-case patterns was conducted by grouping the cases based on any variables that were thought to possibly have an influence on what kinds of partnerships companies engage in. Next will we discuss which partner roles were identified, and which organisations typically fulfil these roles.

## Findings: Partner roles

While the previous literature on partnerships at the BOP business has primarily addressed the prominent partners for companies operating at the BOP, the results of this study complement the existing body of knowledge by suggesting a comprehensive list of partner roles needed in BOP business models. In this section we present the identified nine categories of partner roles that emerged from the empirical data: co-developers, suppliers, distributors, complementors, customers, microfinance providers, brokers, funders, and impact assessors. We also discuss which partners filled these different roles (Table 3). In the following we will refer to some examples from the 20 cases analysed as the space does not

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allow a more thorough discussion. For an overview of the analysed cases, a brief description of all cases can be found in Table 2.

Table 3: Types of partners used in various partner roles

Partner role	BOP micro-entrepreneurs	NGOs	Governments	Companies	Other
Co-developers	x	x	x	x	x
Suppliers	x			x	
Distributors	x	x		x	
Complementors				x	
Customers			x	x	
Microfinance providers		x		x	
Brokers	x	x	x		
Funders			x	x	x
Impact assessors		x		x	x

Co-developers are partners involved in the developing of the offering or the business model. The partners engaged as co-developers were NGOs, international governmental organisations (IGO), other companies, and governmental agencies, although according to the literature (e.g., UNDP, 2008) also BOP individuals and communities could be engaged in this role. As companies may find it difficult to develop suitable business models and offerings for the markets alone because of insufficient knowledge and understanding on the BOP markets, partners with in-depth knowledge about the BOP can help companies to develop solutions that fit the markets. Congruently with the literature, in many of the examined cases, NGOs and IGOs (ANZ Bank and UNDP) provided their expertise on the local environment to the ventures (e.g., Chesbrough et al., 2006; Drayton & Budinich, 2010; WBCSD, 2004a; Webb et al., 2010). When in need of technical or industry expertise, not only NGOs but also other companies, IGOs and government organisations came in as co-developers. For instance, PETSTAR, which aims at better recycling and improvement of scavengers' working conditions, is a joint venture between two companies, a leading environmental service firm (PASA) and the largest collector of post-consumer plastic in Mexico (Avangard). Sometimes, developing a business model together with governmental agencies is necessary because of the government's role in managing common resources or providing public services. For example, in its efforts to mobilise local farmers in tree growing, Huatai, the biggest newsprint manufacturer in China, needed the local government's involvement in developing its eucalyptus outgrower scheme because it has the rights over land. Moreover, LYDEC, an energy, water and waste services company, engaged



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in a public-private partnership with the Moroccan authorities to provide electricity, water management, and sanitation services in Casablanca.

The suppliers were BOP micro-entrepreneurs or companies. The former ones were engaged as agricultural suppliers (CocoTech, Integrated Tamale Fruit Company, and Grameen Danone's Shoktidoi), twiners and weavers for CocoTech's nets, and as service subcontractors in Manila Water's supply chain. Companies, in contrast, were used as suppliers of products or services requiring more advanced technological capabilities (for example as component suppliers to Tsinghua Tongfang computers and subcontractors establishing LYDEC's electricity networks). Thus, although localisation of value production is sometimes recommended in the BOP literature (e.g., Jenkins et al., 2007; Weidner et al., 2010) its applicability is very case specific. It may often not be economically feasible to produce in small-scale or train BOP suppliers to produce technologically advanced products.

Distributors are partners involved in the process of making a product or service available to the customer. Sometimes the distributor's role in BOP business may also include consumer training. The partners operating as distributors of products or services were most often BOP micro-entrepreneurs, although also larger companies, NGOs, and MFIs were utilised as distributors in some cases. In service business, BOP individuals were engaged as loan collectors in Barclays' Susu collectors initiative and as service providers for their communities in NSN's Village Connection, Grameen Phone's Village Phone, and Freeplay Energy's Weza project. In product distribution, small BOP retailer shops as well as door-to-door distributors were used as rural distribution channels in the case of Grameen Danone's Shoktidoi yoghurt. NGOs were utilised in product distribution in the case of Amanco and a commercial MFI acted as a distributor in the case of Nokia Microfinance.

Complementors are defined here as partners providing complementary offerings that are essential for the usefulness of a company's product or service. Many of such examples were found from the ICT sector's BOP business models, in which the complementors were generally companies from complementary lines of business. For instance, examined mobile services were enabled by other companies: content providers and operators are essential partners in the Nokia Life Tools offering, whereas a bank and Obopay's payment platform are needed for the Nokia Money to work.

Customers can be regarded as partners in some cases. In BOP business models, they can be intermediate buyers of offerings targeted at the BOP, like in the case of Tsinghua Tongfang or NSN Village Connection or buyers of products sourced from the BOP, like in the case of CocoTech or PETSTAR. In the cases of CocoTech and Tsinghua Tongfang, the partner customers were governments: CocoTech's nets were purchased by the national government, while Tsinghua Tongfang's computers were bought by the municipal government to the rural information centres. In the cases of PETSTAR and NSN, the customers were companies: PETSTAR made sales contracts with companies such as Pepsi and Danone, while NSN sells its Village Connection solution to operators.

Microfinance partners were mostly needed in business models engaging BOP micro-entrepreneurs in ways that required substantial new investment from them. Attaching the microfinance possibility to a specific business model may facilitate the BOP micro-entrepreneurs' access to relatively large amount of credit. Also, microfinance partners may be

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needed when selling relatively expensive products to the BOP. Microfinance could be provided by NGOs, or commercial micro-finance institutions (MFI).

Brokers, i.e. the partners recruiting, coordinating, and training BOP micro-entrepreneurs, were most often NGOs, but also local governments and producers' organisations were sometimes used in this role. In Grameen Phone's Village Phone model, the non-profit partner Grameen Telecom took over the responsibility of coordinating and training the Village Phone ladies. PETSTAR partnered with small NGOs to build trust towards the BOP scavengers, and Barclays partnered with the national MFIs' association who brokered the relationship to the Susu collectors and trained them. In contrast, CocoTech used the help of a local government agency to organise the community partners. These tasks may in many cases be beyond the company's resources, since companies often lack embeddedness at the BOP.

Funders were bilateral development aid agencies, governmental agencies, and IGOs, although also various types of private actors could be used in this role, as suggested by the literature (WBCSD, 2004b).

Finally, impact assessor partners were found in a few cases. It may often be important for companies to be able to show to funders or other stakeholders that their BOP ventures do, indeed, have positive development effects. However, the assessment of the impact of these ventures may be beyond the capabilities of the company, for example, due to the complexity of the social processes involved. Moreover, a point of view of an external evaluator is likely to increase the credibility of the results. Most often, the impact assessors were universities, but also NGOs, IGOs, and companies were engaged in this role.

## Discussion and conclusions

This study provides a systematic examination of the different kinds of partnerships that companies form with various types of actors innovating and maintaining business aimed poverty alleviation through business means at the BOP. Based on an examination of 20 companies' business models, altogether nine partner roles were identified, and an overview of which actors and organisations tend to fulfil these roles was provided. This is an important contribution to the BOP literature, since although the importance of partnerships in BOP business has been repeatedly emphasised, a comprehensive overview has been missing.

The findings confirm that partnerships can be used to tackle many of the challenges of doing business at the BOP. For example, as suggested by Rivera-Santos and Rufin (2010), various gaps of the institutional environments could be filled through forming partnerships. In the case of missing traditional distribution channels, non-traditional partners, such as BOP individuals, NGOs or MFIs took the tasks of distributors. In the case of missing complementary offerings, the offerings were developed together with partners in complementary lines of business. Also other types of challenges were tackled through partnerships. In many cases, the lack of resources needed for developing BOP business models, such as understanding of the BOP markets was compensated by collaborating with co-developers that had the necessary resources. Furthermore, the challenges of finding the

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BOP micro-entrepreneurs, coordinating them, and building their capacity were tackled by engaging organisations close to the BOP as brokers. In some cases, the challenge of getting company-internal funding was solved by external capital providers.

As suggested by the literature (e.g., Hart, 2005; Klein, 2008; London & Hart, 2004; Prahalad, 2005; Webb et al., 2010), the non-traditional partners, such as NGOs and local micro-entrepreneurs, were indeed collaborated with. However, somewhat contrary to the assertions of BOP literature, the more traditional partnerships with other companies and national governments played significant roles in many of the ventures analysed. Especially partnerships with government agencies were found to be more extensive than the literature suggests. If governments indeed are significant partners for BOP ventures, why has their role been downplayed in the literature? A couple of reasons can be suggested. Firstly, the significance of the government as a potential partner depends on the national context. While much of the early and most cited BOP research stems from the Indian and South American contexts, where local self-help groups or other NGOs are salient players, this may have influenced the strong NGO emphasis regarding BOP partnerships. Yet the country of operation appears to be an important intervening factor. In some countries (e.g., China, Ethiopia, Russia or Vietnam), the government's role is so extensive that government partnerships may be necessary to set up any business. Secondly, the need to emphasise the salience of NGOs may have led to unintended underestimation of the role of different levels of governments.

Certain partner roles suggested in the literature did not appear in the present data. For example, the people at the BOP were not involved in doing market research, giving community-based training, or co-creating innovations (UNDP, 2008; Hart, 2005). Also, there were no observations of companies sharing costs of investments, setting common standards, or lobbying governments together. The lack of these kinds of observations can be explained by the limited number of cases analysed. Still, the lack of observations in 20 cases implies that those types of partnerships are at least not typical in BOP business.

One noteworthy finding of this study is that there were no significant differences in the partner needs of foreign and local companies. This is contrary to the assumption that local managers would by definition be close to the local BOP, and rather supports the assumption that also local companies may face a great "psychic distance" to the BOP markets (Sánchez et al., 2005) and hence, need to cooperate with actors that are close to the BOP. The only difference was that the local companies' appeared to partner with smaller and more local NGOs than the MNCs. This may be because it may be easier for local companies to find local partners as they are likely to have better access to networks within their own countries. Another possible reason is that the foreign companies, which were mostly MNCs in the sample, want more scale to their business models, and thus, prefer to work with larger organisations that can cooperate with the company also when replicating the business model in other locations.

## Implications and future research

As to managerial implications, the findings of the study highlight the importance of partnerships for creating and maintaining business models for poverty alleviation.

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Furthermore, companies can use these findings when planning their BOP business models to get an overview of what kinds of partners may be useful in BOP business. Moreover, also non-profit actors designing their own operation models for the BOP may benefit from the present findings. From the point of view of partners, for example government agencies and NGOs can reflect on the possible roles they could take as partners of BOP ventures.

The wide perspective of this study was chosen to enable a comprehensive outlook of partner roles in BOP business models of large companies, and on the actors that typically fulfil those roles. Future research can build on the present findings of partners and their roles, and examine whether the different constellations have different impacts with regard to poverty alleviation. Also conflicts of power and interest differences are bound to arise due to the twofold interests – business and poverty alleviation aims – that characterize these partnerships. These are further aggravated by the frequent complexity of partner networks and their challenging operating environments.

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Case study	Sector	Description of BOP activities	Organisation type	Key partners	Country	Sources*
Amanco	Irrigation	selling irrigation systems to farmers	developing country MNC	Ashoka (INGO), RASA (NGO)	Mexico	UNDP, 2008; IFC, 2007
ANZ Bank rural banking in Fiji	Financial services	providing mobile banking accounts and financial literacy training to rural communities	MNC	UNDP	Fiji	Liew, 2005; ANZ website
Barclays Capital Susu collectors initiative	Financial services	providing microfinance through the informal financial system of "Susu collectors" in Ghana combined with knowledge sharing with the end-customers	MNC	Ghana Susu Collectors Association (NGO), Ghana Microfinance Institutions Network (NGO)	Ghana	UNDP, 2008
CocoTech	Artisanal goods	engaging the BOP as suppliers in the making of cocofibre nets used for example for slope stabilisation and erosion control	local SME	national and local governments, BOP suppliers	Philippines	UNDP, 2008
Danone Poland Milk Start	Food	developing and marketing a nutritious milk porridge for low-income families	MNC	Lubella SA (manufacturer), Biedronka (retailer), Institute of Mother and Child (public institution)	Poland	UNDP, 2008

Case study	Sector	Description of BOP activities	Organisation type	Key partners	Country	Sources*
Freeplay Energy Weza project	Energy	creating sustainable rural businesses that use a foot-powered portable energy source "Weza" to provide energy	foreign SME	CARE Rwanda (INGO), BOP micro-entrepreneurs, universities	Rwanda	Webb et al., 2010; Freeplay Energy website

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		services for basic needs, such as communications and LED lighting				
Grameen Phone Village Phone	ICT	providing phone services via a network of village entrepreneurs	MNC/NGO joint venture	BOP micro-entrepreneurs, funders (IGOs and development agencies)	Bangladesh	Seelos & Mair, 2007; Dang et al., 2008; Richardson et al., 2000; WRI, 2001
Grameen-Danone Shoktidoi	Food	providing a fortified yoghurt to improve the nutrition of poor children in Bangladesh, while engaging the poor as suppliers, manufacturers and distributors	MNC/ NGO joint venture	GAIN (INGO), local NGOs, BOP micro-entrepreneurs, The John Hopkins University	Bangladesh	Danone website; Yunus Centre website; Social Innovator website
Huatai Paper	Forestry	mobilising local farmers to plant fast-growing trees, supporting them through technical assistance, irrigation services and direct subsidies, and making a contract to buy the lumber from them at protected prices	large domestic company	local government	China	UNDP, 2008; Business and public policy blog
Integrated Tamale Fruit Company	Agriculture	cultivating certified organic mangoes through an outgrower scheme through which the farmers get interest-free loan in the form of farm inputs and technical services	local SME	farmers' association and organisations providing funding for the association	Ghana	UNDP, 2008

Case study	Sector	Description of BOP activities	Organisation type	Key partners	Country	Sources*
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LYDEC	Energy/ Water/ Sanitation	providing electricity, water, and sanitation services to shantytowns	MNC	national and local public authorities, subcontractors, the World Bank	Morocco	UNDP, 2008
Manila Water Company Livelihoods Program	Water	developing supply chain partners in local communities: created a pipe rethreading cooperative by training previously unemployed and unskilled employees, financing the cooperative and leasing them the equipment at an affordable rate	large domestic company	subcontractor cooperative	Philippines	UNDP, 2008
Natura Ekos	Cosmetics	sourcing ingredients of natural cosmetics from rural communities that extract raw material from the nature	developing country MNC	local NGOs	Brazil	UNDP, 2008
Nokia Lifetools	ICT	providing mobile services including Agriculture (information on seeds, fertilisers, pesticides, market prices, and weather), Education (learning English and preparing for exams) and Entertainment services	MNC	content providers, operators	India	interview; company material; Nokia press release
Nokia Microfinance	ICT	selling phones in rural areas via a	MNC	SKS Microfinance	India	interview; Nokia

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		microfinance organisation that also gives the low-income customers loans for buying the phones		(for-profit MFI), Airtel (operator)		Expanding Horizons publication
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Case study	Sector	Description of BOP activities	Organisation type	Key partners	Country	Sources*
Nokia Money	Financial services	providing a mobile banking service that does not require a bank account, enabling the payment of bills, transfer of money, and recharging of the prepaid account	MNC	Yes Bank, Obopay (payment platform provider)	India	Nokia website; Nokia blog
Nokia Siemens Networks Village Connection	ICT	bringing voice and internet connectivity to rural villages where traditional GSM network roll-out and operation would be too costly by implementing an IP-based network architecture and a business model of local village operators	MNC	operators, BOP micro-entrepreneurs, microfinance providers	Tanzania	Skarp et al., 2008; NSN website
PETSTAR	Recycling	constructing a bottle-to-bottle recycling facility and partnering with garbage sorting and recycling workers to improve their working conditions and livelihoods	large domestic company	NGOs, companies (buyers), IFC, The Institute of Social Research of the Universidad Autónoma de Nuevo León	Mexico	UNDP, 2008; IFC press release
Real Microcrédito	Financial services	providing microfinance	MNC/ NGO joint venture	USAID	Brazil	Webb et al., 2010; ACCION website; WBCSD, 2004
Tsinghua Tongfang Changfeng computer	ICT	providing computers designed especially for rural consumers	large domestic company	municipal government agencies, software companies	China	UNDP, 2008