

Company-NGO interaction for poverty reduction: Co-creation of inclusive business

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Abstract

The world is wealthier than ever, but every ninth person is still undernourished. Every eighth person lacks access to a toilet. Clearly, new approaches and interaction between business, civil society and public actors are needed to fight poverty and inequality.

Inclusive business is one of the novel approaches that has aroused great hopes among development actors and businesses alike. It proposes that co-creation among companies, poor communities, NGOs and other partners can yield new business models that generate profits and reduce poverty at the same time. Co-creation can be generally defined as interaction where partners integrate their knowledge to generate novel solutions. Yet such co-creation of inclusive business is little studied.

In this thesis, I ask what inclusive business co-creation entails in low-income contexts and what hurdles need to be overcome for co-creation to marry profit making with poverty reduction. I build on a systematic, interdisciplinary literature review, as well as two and half years of action research on seven company-NGO partnerships that sought to forge inclusive business in India or Sri Lanka. Theoretically, I engage with the sensemaking and practice perspectives.

I argue that the inclusive business approach places excessive expectations on co-creation as a means of marrying profit-making with poverty reduction. I find that co-creation entails continuous social processes where partners search for coherent understandings, draw on and adapt their potential resources and related practices, and utilize resources enacted by others. I show how such co-creation is hindered by unequal power relations, sectoral and cultural differences, paradoxical role expectations, as well as limited expertise and trust.

Theoretically, my strongest contribution arises from the realization that co-creation hinges on collective sensemaking: I suggest that organizational, sectoral and cultural diversity among partners may influence the process, pace, temporal orientation, possibility of reaching shared understandings and the facilitating practices of collective sensemaking. In contribution to international business research, the study deepens recent proposals that on emerging markets, "local integration" is a superior alternative to "local responsiveness".

For practitioners, this research shows that NGOs can often bring valuable expertise, community contacts, networks and legitimacy to business projects in low-income contexts, supporting both commercial and societal objectives. Yet it takes hard work to convey these benefits and other types of interaction will remain appropriate for many NGOs and companies. This research does not lend support to big increases in public funding of inclusive business activities. Where funding is extended, companies and NGOs are equally relevant applicants.

Keywords Cross-sector partnerships, Co-creation, Inclusive business, Sustainable development

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Tekijä
Tytti Nahi**Väitöskirjan nimi**

Yritysten ja kansalaisjärjestöjen vuorovaikutus köyhyyden vähentämiseksi: Osallistavan liiketoiminnan yhteiskehittäminen

Julkaisija Kauppakorkeakoulu**Yksikkö** Johtamisen laitos**Sarja** Aalto University publication series DOCTORAL DISSERTATIONS 123/2018**Tutkimusala** Kansainvälinen liiketoiminta**Väitöspäivä** 29.06.2018**Kieli** Englanti☐ **Monografia**☒ **Artikkeliväitöskirja**☐ **Esseeväitöskirja****Tiivistelmä**

Maailma on vauraampi kuin koskaan, mutta joka yhdeksäs ihminen on edelleen aliravittu. Köyhyyden ja eriarvoisuuden kitkeminen vaatii uusia ratkaisuja sekä liike-elämän, kansalaisyhteiskunnan ja julkisten toimijoiden välistä vuorovaikutusta.

Osallistava liiketoiminta on yksi uusista lähestymistavoista, joka herättää toivoa sekä kehitystoimijoiden että yritysten keskuudessa. Se perustuu ajatukselle, että yritykset, köyhät yhteisöt, kansalaisjärjestöt ja muut kumppanit voivat yhteiskehittää voittoa tuottavia ja köyhyyttä vähentäviä ratkaisuja, joita kukaan heistä ei yksin pystyisi keksimään tai toteuttamaan. Osallistavan liiketoiminnan yhteiskehittämistä on kuitenkin tutkittu hyvin vähän.

Tässä väitöskirjassa tutkin mitä osallistavan liiketoiminnan yhteiskehittäminen tarkoittaa ja edellyttää vähävaraisessa ympäristössä. Johtopäätökseni perustuvat järjestelmälliseen poikkitieteeseen kirjallisuuskatsaukseen sekä kaksi ja puoli vuotta kestäneeseen toimintatutkimukseen, jossa seurasin seitsemää yritys-kansalaisjärjestökumppanuutta. Hyödynnän sensemaking- ja käytäntöteorioita.

Johtopäätökseni on, että yhteiskehittämiselle asetetaan yleisesti liiallisia odotuksia osallistavan liiketoiminnan lähestymistavassa. Yhteiskehittäminen on jatkuva sosiaalinen prosessi, jonka kuluessa kumppanit etsivät samansuuntaisia käsityksiä, hyödyntävät ja muokkaavat potentiaalisia resurssejaan ja käytänteitään, ja käyttävät toistensa resursseja. Osoitan, miten tällaista yhteiskehittämistä rajoittavat valtasuhteiden eriarvoisuus, sektori- ja kulttuurierot, paradoksaaliset rooliodotukset, osaamisen rajat ja rajallinen luottamus.

Teoreettisesti vahvin kontribuutiosi pohjautuu huomioon, että yhteiskehittäminen edellyttää jatkuvaa kollektiivista sensemaking-prosessia. Organisaatio-, sektori- ja kulttuuritaustojen moninaisuus vaikuttaa sensemaking-prosessien kulkuun, tahtiin, ajalliseen orientaatioon, yhtenevien käsitysten mahdollisuuteen ja fasilitoiiviin käytänteisiin. Syvennän myös viimeaikaista kansainvälisen liiketoiminnan tutkimusta, jonka mukaan nousevissa talouksissa paikallinen integraatio (local integration) on useille yrityksille vahvempi strateginen valinta kuin paikallinen mukauttaminen (local responsiveness).

Tutkimukseni osoittaa, että kansalaisjärjestöt voivat usein tuoda vähävaraisilla alueilla tapahtuvaan liiketoimintaan arvokasta asiantuntemusta, yhteisökontakteja, verkostoja ja legitimitettä, edistään sekä kaupallisia että yhteiskunnallisia tavoitteita. Näiden resurssien välittäminen vaatii kuitenkin paljon työtä, ja muunlainen vuorovaikutus pysyy tulevaisuudessakin tärkeänä monelle yritykselle ja kansalaisjärjestölle. Tämän tutkimuksen tulokset eivät tue ajatusta, että julkista rahoitusta osallistavan liiketoiminnan tukemiseksi tulisi merkittävästi lisätä. Rahoituksen saajina yritykset ja kansalaisjärjestöt ovat yhtä keskeisiä.

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PART I: INTRODUCTORY ESSAY

1. Introduction

The world is wealthier than ever, but every ninth person is still undernourished and every eighth person lacks access to a toilet (UN, 2015: 8-9). Clearly, new approaches are needed in the fight against poverty and inequality.

Companies can contribute to this fight in multiple ways such as useful investments, decent wages, tax payments, human rights diligence, and business that includes the poor. This thesis focuses on the last idea, zooming in on the proposal that multinational enterprises, partnering with poor communities, NGOs and others, can co-create business that simultaneously generates profits and reduces poverty.

This win-win proposal has aroused hopes among several development actors and thinkers (UNDP, 2008: i), who see that under the right conditions, the ideas, energy and resources of the private sector can drive poverty reduction. Inclusive business also has traction among businesses and business scholars because the lowest income segment, or Base of the Pyramid (BOP), is increasingly seen as a business opportunity (Parmigiani & Rivera-Santos, 2015; Prahalad & Hart, 2002; Rangan, Quelch, Herrero, & Barton, 2007). Few goods or services have been tailored to people who earn less than few dollars a day, but these people make up a majority of the world's population, and their combined purchasing power is counted in trillions. Hence, the rapidly expanding inclusive business literature suggests, win-win opportunities abound. *“If we stop thinking of the poor as victims or as a burden and start recognizing them as resilient and creative entrepreneurs and value conscious consumers, a whole new world of opportunity will open up,”* wrote Prahalad (2004, 3) in his seminal book entitled *The Fortune at the Bottom of the Pyramid*.

However, inclusive business also arouses many concerns. Many development thinkers worry if foreign enterprises are just marketing their old goods and crowding local competition out with the help of public development funds. Will poor people be “included” as anything else than consumers or low-paid producers? Are the market-based approaches sucking attention and resources away from other development work, but ill-equipped to address structural causes of impoverishment? Business scholars also doubt whether inclusive business really can yield significant profits for foreign enterprises. Are they able to innovate products and services that serve low-income customers or business models that engage low-income producers or entrepreneurs? Are there real opportunities for international scaling up or is profitability capped by a need to tailor the products and the business model to each town or country?

The idea of *co-creation* has the potential to establish common ground between business and development circles. For Prahalad (2004, 2), co-creation is central:

“[the BOP] vision ... is the co-creation of a solution to the problem of poverty. The opportunities at the BOP cannot be unlocked if large and small firms, governments, civil society organizations, development agencies, and the poor themselves do not work together with a shared agenda”.

Since Prahalad’s pioneering work, co-creation has attracted increasing attention in BOP research (Khalid et al., 2015; Kolk, Rivera-Santos, & Rufin, 2014; London & Hart, 2004; Nakata, 2012; Seelos & Mair, 2007). Also in development research, the participation of the marginalized people themselves is considered central, as poverty is usually conceptualized as a multidimensional problem rooted in poor people’s low voice and agency (Sen, 1989).

Yet, we know very little about co-creation between companies and poor communities. Generally, business literature sees co-creation as interaction where companies and customers integrate their knowledge to generate novel value, products, services or business strategies (Cova, Dallı, & Zwick, 2011; Mahr, Lievens, & Blazevic, 2014; Prahalad & Ramaswamy, 2004; Sanders & Stappers, 2008). This thrives on equality and familiarity between partners, and typically relies on online fora or communities (Kowalkowski, Persson Ridell, R ndell, & S rhammar, 2012; Ramaswamy, 2009). However, between poor communities and companies, such equality, familiarity and online access are rare and knowledge transfer is difficult (Adekambi, Ingenbleek, & van Trijp, 2015; Saxena, 2015; Sutter, Kistruck, & Morris, 2014; Venn & Berg, 2014), so the BOP context poses particular challenges for co-creation. Nevertheless, only a handful of BOP studies define co-creation (Arora & Romijn, 2012; Murphy, Perrot, & Rivera-Santos, 2012; Ratcliff & Doshi, 2016; Simanis et al., 2008) and no previous study elaborates on how or why the promulgated conceptualizations diverge from each other.

Only three previous articles focus on co-creation in BOP contexts. Dey and others (2016) show that akin to wealthier consumers, poor people co-create the value they derive from goods and services. Simanis and others (2008) offer foreign companies a best-practice manual on inclusive business model co-creation. Finally, Dahan and others (2010) establish that NGO capabilities in marketing, R&D, procurement, production and distribution can be valuable for inclusive business initiatives. This finding, that NGOs can be highly valuable mediators and co-creators, has been examined and confirmed in numerous other BOP studies (e.g. Chesbrough, Ahern, Finn, & Guerraz, 2006; Hahn & Gold, 2014; Webb, Kistruck, Ireland, & Ketchen, 2010). These exploratory studies offer very limited understanding on what such co-creation entails in practice. What are the most significant challenges of co-creation between companies and poor communities? What practices can facilitate such co-creation? To what extent can such co-creation actually be realized?

In sum, co-creation between companies and poor communities is an important topic for research, because it is foundational for the widely celebrated inclusive business approach, but we know very little about how such co-creation happens in practice.

1.1 Research questions and contributions

The purpose of this thesis is to gain in-depth understanding of and theorize co-creation in inclusive business contexts. This research has been guided by two research questions: *What does co-creation of inclusive business entail in low-income contexts? What limitations and hurdles need to be overcome for co-creation to succeed as a means of marrying profit making with poverty reduction?* Hence, this thesis purports to understand inclusive business at the meso level of partnerships and co-creation.

I adopt an interdisciplinary approach and integrate concepts and insights from several disciplines to address the research questions (Cantwell & Brannen, 2011). I have found five literatures particularly helpful: 1) inclusive business, 2) co-creation of business models and strategy, 3) participation in development initiatives, 4) cross-sector social partnerships, and 5) international business in low-income contexts (see Figure 2). These literatures draw on several business disciplines, including international business, organization studies, strategy and management, as well as the discipline of development studies. Development studies is a branch of social science that studies processes of socio-economic change in so-called ‘Third World’ or ‘developing countries’, focusing on such questions as what poverty is and how poverty can be alleviated.

I view the world through the lenses of practice philosophy, so I have not set out to identify universally ‘true’ co-creation, but to understand scholars’ diverse conceptualizations of inclusive business co-creation (essay 1), and theorize such co-creation by discussing the role of participants’ sensemaking efforts (essay 2) and contextualized practices (essay 3) in it. Figure 1 visualizes how my essays relate to each other and my research questions.

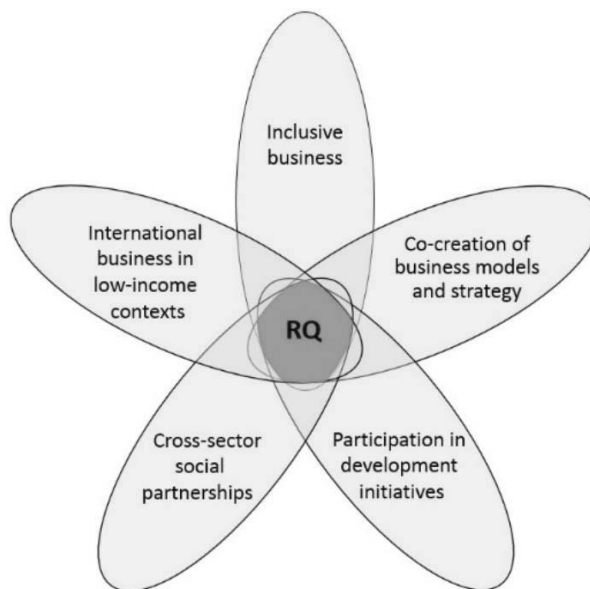


Figure 2. My research focus. RQs = research questions.

My three essays take three different perspectives to these questions. The first essay reviews previous literature on inclusive business co-creation in low-income contexts. This systematic review covers 196 articles. It identifies knowledge gaps – meager understanding of the co-creation process and lack of empirical studies on partners’ activities and interactions – which my second and third articles address. My second essay explores the process, hurdles and facilitators of collective sensemaking that co-creation hinges on. My third essay looks at how NGOs contribute and what limits their contributions to inclusive business co-creation. The second and third essays build on rich empirical material that I generated through two and half years of action research in seven inclusive business partnerships. These company-NGO partnerships sought to forge profitable and poverty reducing business ventures in India or Sri Lanka. I documented partners’ actions and interactions in detailed notes and several video-recordings, voice-recordings and photographs. In sum, I utilize several units of analysis: conceptualization (first essay), partnership and the individual participant (second essay), and practice (third essay).

This thesis contributes primarily to inclusive business literature by clarifying the concept and limitations of inclusive business co-creation in low-income contexts. More specifically, I present a framework that clarifies how inclusive business scholars’ diverse conceptualizations of co-creation differ from each other, offer a new definition of inclusive business co-creation, identify one novel resource – empowered low-income partners – that NGOs bring to co-creation, and highlight three facilitating practices and six structural and relational hurdles to co-creation. In conclusion, I argue that the inclusive business approach places excessive expectations on co-creation as a means of marrying profit-making with poverty reduction.

In contribution to international business research, the study deepens recent proposals that on emerging markets, “local integration” is a superior alternative to “local responsiveness”. The latter is recommended by the transnational model

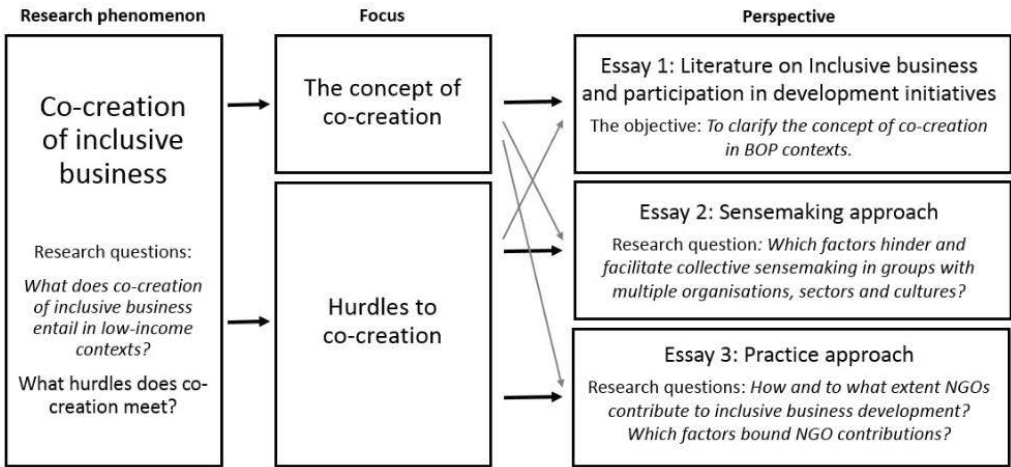


Figure 1. Relating the essays to each other

(Prahalad & Doz 1987; Bartlett & Ghoshal 1989) but challenged by BOP and IB scholars who have found deep engagement and co-creation with non-traditional partners crucial for most foreign companies' competitiveness in emerging markets (London & Hart, 2004; Santos & Williamson, 2015). My work contributes to this stream of research by deepening the understanding of what such local co-creation entails and showing how NGO partners can facilitate local integration.

The strongest theoretical contribution is established in the second essay, which shows that co-creation relies on collective sensemaking. Collective sensemaking is a social process where a group of individuals exchange emerging understandings and seek to develop coherent understandings that offer a basis for collective action (Stigliani & Ravasi, 2012; Weick, Sutcliffe, & Obstfeld, 2005). Sensemaking theory is a widely-used perspective in the fields of organization studies and business strategy. However, collective sensemaking in diverse groups, where participants come from multiple organizations, sectors and cultures, has received very little previous research attention. I contribute by proposing that diversity among partners may influence the process, pace, temporal orientation, possibility of reaching shared understandings and the facilitating practices of collective sensemaking. This contribution has relevance beyond inclusive business contexts, because cross-sector collaboration and co-creation are expanding rapidly both for the purposes of developing business models and strategies (DeFillippi & Roser, 2014) and addressing complex social, environmental and economic problems (Van Tulder, Seitanidi, Crane, & Brammer, 2016).

1.2 Key concepts

Low-income communities or the **Base of the Pyramid** refers to people who struggle to fulfil their basic needs due to low incomes. These concepts do not encompass whole countries or economies, and there are BOP segments even in the wealthiest countries. Exact definitions vary – some talk of people earning less than two dollars a day (Vachani & Smith, 2008), others less than four (Prahalad & Hart, 2002) or eight dollars a day (Hammond, Kramer, Tran, Katz & Walker, 2007) – but these people nevertheless make up a majority of world's population. My analysis, especially in the first essay, problematizes both the multitude of these dollar-based limits, which often fuels misunderstandings, and the one-dimensionality of categorizing people on the sole basis of their income. These concepts are not synonymous with poverty that is related to income *and* security, voice and access to basic services.

Inclusive business in low-income contexts or **BOP business** is defined, in this thesis and the studied partnerships, as profitable business that alleviates poverty by engaging low-income communities in business planning and operations and offers solutions to their social, ecological or economic problems. I use the two concepts interchangeably.

Significantly, this definition is not universally accepted: my review of the inclusive business literature (essay 1) shows a range of understandings on what poverty is and how inclusive business can abate it. Some view poverty in economic terms and consider useful, affordable commodities and increased consumption as the

developmental goals of inclusive business (Arnold & Valentin, 2013; Craig & Douglas, 2011; London et al., 2010). For instance, the World Business Council for Sustainable Development (WBCSD) considers business inclusive whenever poor people are engaged – even if only as customers. Others emphasize the need to expand low-income producers’ entrepreneurial opportunities (London & Hart, 2004; Sridharan & Viswanathan, 2008). Yet others call for transformational empowerment, whereby poor communities gain capacities to voice their needs, challenge impoverishing institutions, and seek social change (Ansari et al., 2012; Dolan & Rajak, 2016; Hill, 2010; Lindeman, 2012; Reficco & Márquez, 2012). The last notion is in line with the capability view of poverty, widely embraced by development scholars since the 1990s (Sen, 1989; Fukuda-Parr, 2003). Stuart Hart (2015) has labelled these three different approaches – including low-income consumers, producers and communities – as BOP 1.0, BOP 2.0 and BOP 3.0.

These different approaches also manifest in the inclusive business initiatives I have studied for this thesis. Each of the initiatives engaged low-income communities in business *planning*, so they all have traces of the third generation BOP approach, there was some variation in priorities between partners and over time. Overall, the companies considered affordable commodities and low-paid work opportunities more important than the NGOs. Further, as their awareness of business challenges in BOP contexts improved, several companies showed decreasing interest in community empowerment. I discuss the goals of the researched initiatives further in section 3.1.

My thesis analyses inclusive business partnerships that include foreign companies. Large foreign enterprises had a central role in the original BOP vision. “It’s clear to us that prosperity can come to the poorest regions only through the direct and sustained involvement of multinational companies”, declared Prahalad and Hammond in their seminal article in 2002 (p. 49), while Prahalad and Hart (2002) lauded large foreign companies for superior managerial, technological and financial resources, ability to transfer knowledge and innovations between markets and capacity to unite a range of different actors. Several later studies have, nevertheless, emphasized local embeddedness and knowledge as local companies’ and entrepreneurs’ advantages. I have judged a focus on either foreign or local companies necessary because the participation of foreign companies may affect the role and hurdles to co-creation. For example, it may affect what resources are typically sought for through co-creation and how pervasive hurdles cultural differences pose.

Company-NGO interaction takes different forms, from confrontation to dialogue, collaboration, and partnerships. Recent research highlights that all forms of interaction are needed in order to realize transformational change that addresses such complex problems as global poverty and climate change (Waddell, et al 2015). This thesis focuses on company-NGO **partnerships**, which are foundational for the inclusive business approach. Prahalad and Hammond (2002: 55) suggest that “MNCs seeking partners should look beyond businesses to NGOs and community groups. They are key sources of knowledge about customers’ behavior, and they often experiment the most with new services and new delivery models”. Partnership can be defined as “a temporary social arrangement in which two

or more social actors work together toward a single common end requiring the transmutation of materials, ideas, and/or social relations to achieve that end” (Roberts & Bradley, 1991: 212).

Partnerships between business, NGOs and public actors has been widely celebrated in development discussions from the UN Earth Summit of 2002 (WSSD, 2002) till the Sustainable Development Goals of 2015, prompting Austin (2000: 44) to label cross-sector partnerships as the “collaboration paradigm of the 21st century”. These include public-private, business-NGO and tripartite partnerships, and typically aim to create value both for the partners and the society at large (Tulder et al., 2016). I discuss partnership research in section 2.4.

Co-creation can be generally defined as interaction where companies and customers integrate their knowledge in order to generate novel value, products, services or business strategies (Prahalad & Ramaswamy, 2004; Romero & Molina, 2011; Sanders & Stappers, 2008). This definition draws on co-creation research within business strategy, marketing and innovation. Related concepts are many. Development scholars have long discussed community participation in development initiatives, while business scholars have coined concepts like open innovation and co-development (see my first, attached essay). Cross-sector partnership scholars, for their part, discuss transformational partnerships, where partners need each other’s core competencies to fulfil their mission (Austin & Seitanidi, 2012).

My research builds on this general definition of co-creation. I have developed a more specific definition of inclusive business co-creation in low-income contexts via a systematic literature review that organizes the diverse conceptualizations of co-creation put forward by BOP authors in 2002 – 2016 (essay 1). On that basis, I define co-creation (in the second and third essay) as enduring and iterative interaction where diverse actors integrate their knowledge and capabilities to generate novel solutions that none of them could imagine or create on their own. Also, (in the first essay) I suggest that to address the root causes of poverty, BOP initiatives should embrace wide and deep co-creation characterized by enduring and iterative interaction that empowers poor communities and integrates their knowledge and capabilities with those of a company and other actors throughout the process of planning and realizing novel business models and ecosystems.

Hence, co-creation is to be predominantly understood as a process. Nevertheless, in some contexts structural support such as shared ownership, governance structures or employment may be vital for co-creation to emerge.

Practices are here defined simply as “regularized types of acts” (Giddens, 1976: 75). Practice theories see that people’s actions are guided by organizational and societal practices. For example, academic seminar and supervising practices greatly affect thesis work. Seasoned practitioners often take the prevailing practices for granted, but practices differ across place, historical context and time (Giddens, 1979: 53). Contemporary supervising practices are different in Finland and California, for example, and evolve over time. The bodily and mental actions of enacting a practice are always underpinned by considerable knowledge, skills, material artifacts and familiarity with relevant norms.

This thesis draws particularly on **resourcing theory**, a practice theory that emphasizes the activities of enacting resources (Feldman, Worline, Cameron, &

Spreitzer, 2011). Its central idea is that the potential of any resource is realized only when it gets used (Feldman 2004) and often such “using” takes considerable effort and skill. For example, a consultants’ knowledge only contributes to an inclusive business enterprise as far as she manages to portray it in a relevant and interesting manner that influences the entrepreneur’s actions. I discuss the practice approach and resourcing further in section 2.6 and my third essay.

Sensemaking means rather literally what it says: it refers to a process whereby people seek to make sense of unexpected information and events (Weick, 1995). I view sensemaking as a social process where individuals and groups construct, contest and refine understandings through interaction with others, and sometimes reach coherent understandings that offer a basis for collective action (Gephart, Topal, & Zhang, 2010; Maitlis, 2005; Weick et al, 2005). This view is complementary to psychological sensemaking research that focuses on the individual process of drawing on and developing mental maps and brackets the social interaction involved. (Fiss & Zajac 2006; Lockett, Currie, Finn, Martin, & Waring, 2013; Louis, 1980).

A rapidly expanding stream of sensemaking research discusses how organizational and societal practices and structures orient sensemaking (Sandberg & Tsoukas, 2015; Weber & Glynn, 2006). As Weick (1995: 107) argues: People “pull words from vocabularies of society ... occupations and ... experience and make sense using narratives”. For example, researchers’ familiarity with academic seminar practices helps them make sense of their peers’ critical utterings as typical occurrences, usually designed to help. I discuss the sensemaking approach further in section 2.6 and my second essay.

1.3 Motivation

This research is not motivated solely by the desire to contribute to academic literature. Fundamentally, I am curious whether inclusive business can take corporate responsibility to the next level and help alleviate global poverty. Public and policy-oriented debates on this question have abounded since the early 2000's, making the topic highly topical also from the practical point of view, for policy-makers, development NGOs and internationalizing companies.

These debates have attached high hopes on partnerships between companies, civil society organizations and public actors. From the UN Earth Summit of 2002 (WSSD, 2002) to the Sustainable Development Goals of 2015, such partnerships have been celebrated as a novel engine for poverty reduction. Simultaneously, the reach for private partners has boosted market-based approaches like inclusive business, microfinance, social enterprises and fair trade (Cooney & Shanks, 2010). These approaches frame poverty predominantly as low purchasing power or exclusion from employment and financial markets, and seek to correct market failures, re-shape markets into greater inclusivity, and encourage market-oriented behavior in the poor (Mendoza & Thelen, 2008). In the words of Prahalad (2004: 34-46), inclusive business initiatives by foreign enterprises can reduce

poverty by raising the quantity, quality and range of consumption; building dignity through access to brands; bringing in information; boosting productivity; and freeing public and local capital to other uses.

However, market-based initiatives are attracting criticism for a limited familiarity with poor settings, failure to balance the competing objectives and narrow conception of poverty. Critics say that **limited familiarity with poor contexts** has curtailed social impact or even caused harm. To name just one example, a widely-celebrated e-Choupal initiative has sought to bring online market information to Indian farmers in 6500 towns, but excluded poor farmers, who cannot access the computers placed in high-caste homes (Varman, Skålén, & Belk 2012). Publicly-funded BOP initiatives can also monopolize markets previously served by local small and micro-enterprises (Blowfield, 2005). The concept of BOP itself can be considered a token of (willful) ignorance – or even neocolonial (Bonsu & Polsa, 2011; Faria, Hemais, & Cooke, 2014) – as it lumps all low-income communities together, overshadowing their societal, ideological, historical, institutional, cultural and economic diversity (see Hilleman & Verbeke, 2014 for international business scholars' viewpoint: the lumping also misguides business strategists, by proposing one single business strategy for all BOP contexts).

Reconciling the **competing objectives** of profits and poverty reduction has often failed (Kuriyan, Ray, & Toyama, 2008; Rohatynskyj, 2011). For example, the i-community projects of Hewlett-Packard (McFalls, 2007; Schwittay, 2011) and the Shakti distribution program of Unilever (Simanis & Hart, 2009; Rohatynskyj, 2011) are said to have suffered from vague poverty objectives, top down management and unrealistic timetables. Indeed, some inclusive business consultants recommend that companies segment the BOP market “realistically” and ignore the poorest people (see Figure 3).

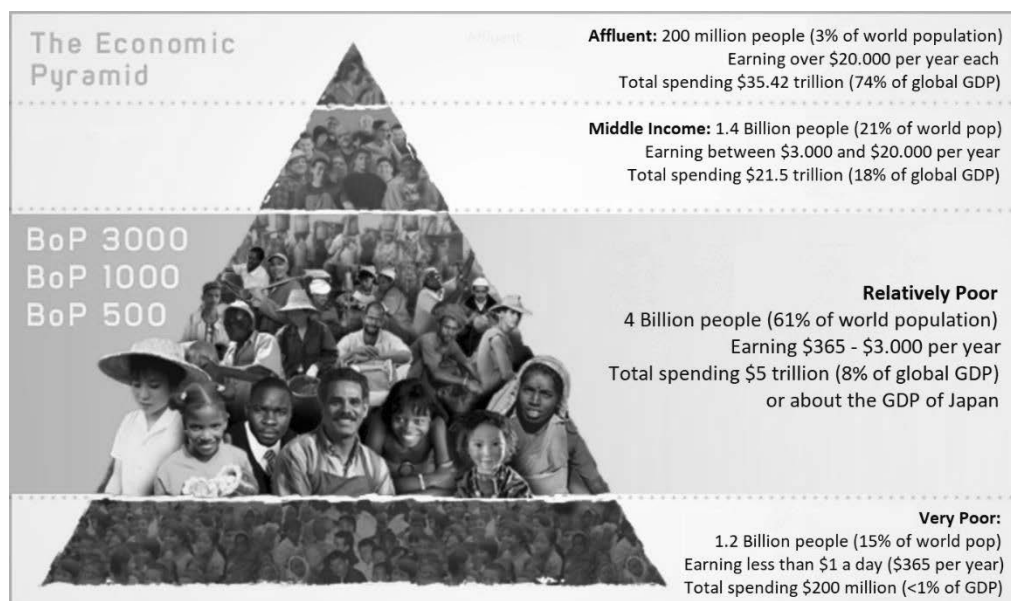


Figure 3. Base of the Pyramid as defined by Access BoP, a global consulting company (www.accessbop.com/AboutUs/WhatsTheBoP/)

Market-based initiatives also promulgate a **narrow view of poverty** as predominantly an economic issue, which can be solved by affordable goods, funding and entrepreneurship by the poor (Blowfield & Dolan 2014). Schwittay (2011) refers to this as “marketization of poverty”: the political, social, historical and ecological foundations of poverty are belittled. In the words of Arora and Romijn (2011: 26), the BOP “discourse can pre-empt discussions about how global movements of corporate capital, commodities, and ideologies create new vulnerabilities in poor communities” (see also Bonsu & Polsa, 2011). This marketization can be seen as part of a wider shift to market society, “an imagery of society as a market” (Jepperson, 2014; Monbiot, 2014).

In development discussions, the unidimensional view of poverty faded in the 1990s, questioned for example by Amartya Sen’s work (1989; UNDP, 1990). “Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states”, Sen writes (2001: 3). Hence, the conversion of poor people into consumers, celebrated by Prahalad (2004: 20), is a tragedy, if it overshadows their identities and agency as citizens and rights-holders.

These concerns have actually been heard before. In 1970s and 1980s, development policy was strongly influenced by donor countries’ business objectives. Donors often used aid to prop the sales of or purchased from their own export sectors, or to support commercially interesting projects and countries (Cassen, 1994; Koponen, 2005). In the 1990s, this approach was discredited, as education and health care were found under-resourced (UNDP, 1990) and tied aid 15-25% more expensive than non-tied aid (Clay, Geddes, & Natali, 2009). Poor familiarity with poor contexts had rendered many technology transfer and construction projects outright failures (Hancock, 1989). In response, development policies were revised to pay greater attention to the priorities and own initiative of poor communities and Southern governments (Artto, 2005; UNDP, 1993).

Public debates on **corporate responsibility** (CR) also relate to inclusive business. These debates have always been troubled by vagueness. “Debate continues as to what is and is not ethical”, Carroll noted in 1979 (500). Recently, clearer definitions have been achieved. In 2011, the EU has abandoned its widely-cited notion that CR is voluntary and now defines CR simply as “the responsibility of enterprises for their impacts on society” (European Commission, 2011), encouraging companies to analyse their impacts, irrespective of which issues are regulated in (some of) their operating environments (cf. Kolk, 2016). The same year of 2011 saw the launch of the novel UN Guiding Principles on Business and Human Rights and the expanded OECD Guidelines for Multinational Enterprises. The latter are enforceable through quasi-judicial national bodies.

Inclusive business can be positioned in the CR discourse as CR innovation or responsible innovation (Halme & Laurila, 2009; De Hoop, Pols & Romijn, 2016). Thus, the innovation of socially or environmentally beneficial business models is

considered the third way for companies to generate favourable social impact, instead or in addition to philanthropy (the first way) and responsible conduct of existing business operations (the second way).

However, the CR approach and discourse are attracting increasing criticism. Critics see them used as mere public relations tools, decoupled from business conduct (Banerjee, 2008; McDonnell & King, 2013; Whiteman & Cooper, 2016). Progress towards more responsible business conduct has been slow in issues with a clear business case, like workplace safety, diversity or emission cuts (Locke, 2013; Whiteman, Walker, & Perego, 2013; Wickert, Scherer, & Spence, 2016), and particularly in more complex issues like exploitation of labour (Crane, 2013), human rights (Wettstein, 2012), inequality (Newell & Frynas, 2007; Fotaki & Prasad, 2015) and tax evasion (Muller & Kolk, 2012). Newell and Frynas (2007, 678) note that “[t]he world of CSR would look very different if the priorities of poorer groups were put first”. Indeed, there is little evidence that CR initiatives have yielded any significant societal impacts (CSR Impact Project, 2013).

CR and inclusive business discourses also reinforce the neoliberal ideology, which stresses the capabilities of individuals and individual companies, and shuns regulation. One root of the CR discourse lies in the 1970s and 80s Britain, where recently privatized companies expounded the CR ideal in order to discourage public regulation (Teivainen, 2013). This is reflected in such seminal BOP declarations as “[p]rosperity can come to the poorest regions only through the direct and sustained involvement of multinational companies” (Prahalad & Hammond, 2002: 49). Indeed, voluntary stakeholder approaches have gained eminence (Djelic & den Hond, 2014; Kolk, Van Tulder, & Welters, 1999; Van Tulder, van Wijk, & Kolk, 2009), private and public sector roles have blurred (Selsky & Parker, 2005; Van Tulder & Van der Zwart, 2006; Crane, 2010) and fears for democratic decision making have risen (Crane, Matten & Moon, 2004; Eberlein, Abbot, Black, Meidinger, & Wood, 2014; Scherer & Palazzo, 2007).

Acknowledging these historical and ideological roots of this research topic, I scrutinize the feasibility of inclusive business co-creation from an empirical basis.

1.4 Structure of this introductory essay

My thesis comprises of this introductory essay and three journal/conference papers. This introduction presents the societal and methodological basis of my research, and highlights the contributions the journal/conference papers jointly make to research and practice of inclusive business, cross-sector partnerships and international business.

I will now proceed to discuss previous research on or directly related to co-creation in low-income contexts. Next, I will present my research approach, then summarize the three articles, and finally discuss my main contributions.

2. Co-creation of inclusive business in low-income contexts

Co-creation is a popular theme in diverse fields of research from urban planning to tourism studies. Since *The future of competition: Co-creating unique value with customers* by C. K. Prahalad and Venkat Ramaswamy (2004), which brought co-creation to the limelight, its popularity has risen rapidly: EBSCOhost alone now identifies 438 unique peer-reviewed journal articles with co-creation (or cocreation) in the title and scholars talk not only of the co-creation approach, model or theory, but also about the “co-creation paradigm” (Cova et al., 2011; Ramaswamy & Ozcan, 2014). Much of this research, however, originates from contexts that differ sharply from the context of my research. In inclusive business co-creation, participants come from different organizations, sectors, cultures, material conditions, educational backgrounds and institutional contexts, and disparities in power and practices render co-creation difficult (Kowalkowski et al., 2012; Ramaswamy, 2009). Poor communities have poor access to online tools, which usually facilitate co-creation in wealthier contexts. NGOs have been identified as key mediators and participants in inclusive business co-creation (Chesbrough et al., 2006; Dahan et al., 2010; Hahn & Gold, 2014).

In my literature review, I seek to focus on studies that are directly relevant for co-creation in low-income settings and/or between companies and NGOs. I have found relevant insights plentiful in research on inclusive business (section 2.1), business strategy and innovation (2.2), development initiatives (2.3), cross-sector partnerships (2.4) and international business (2.5). Because the three first mentioned research fields are reviewed in my first essay, and it is hardly fruitful to duplicate all that content in this introductory essay, I will discuss those literatures here very briefly. I will also review research on the two theoretical perspectives used in this research: sensemaking and practice theories (2.6).

2.1 Inclusive business

Inclusive business in low-income contexts, or the BOP approach, receives increasing research attention. This is shown in the chronology of published BOP articles, presented in Figure 4. I compiled the chronology as part of my research for essay 1, by searching for articles that refer to “base/bottom of the pyramid” *anywhere* in the text, and then excluding articles that spoke of other pyramids or had minimal links to the BOP approach (see section 3.2 for further information). Thereby, this count includes relevant articles from many literatures (inclusive innovation, inclusive business, social entrepreneurship, frugal innovation etc).

A thematic analysis of this BOP literature reveals that a managerial focus is common but slowly reducing: until 2009, every second BOP article asked how companies can reach profitability in BOP markets (Kolk et al., 2014), now only every third article focuses on that. Five other main themes can be identified in BOP literature: (1) innovation, (2) societal impact, (3) criticism, (4) BOP market characteristics, and (5) the overall BOP proposal. These five themes are roughly equal in popularity, but innovation (theme 1, the principles, characteristics, process and diffusion of innovations in BOP contexts) has emerged since 2011 and grows most rapidly. Theme 2 on the societal impact of the BOP approach or initiatives has also gained importance since 2012. Very few studies focus on environmental impacts. Critical articles (theme 3) usually criticize the societal potential and less often the business potential of the BOP approach. Articles on BOP market characteristics (theme 4) typically discuss consumption patterns, market actors or institutions in BOP contexts and studies on the overall BOP proposal (theme 5) introduce the BOP approach to a new academic audience.

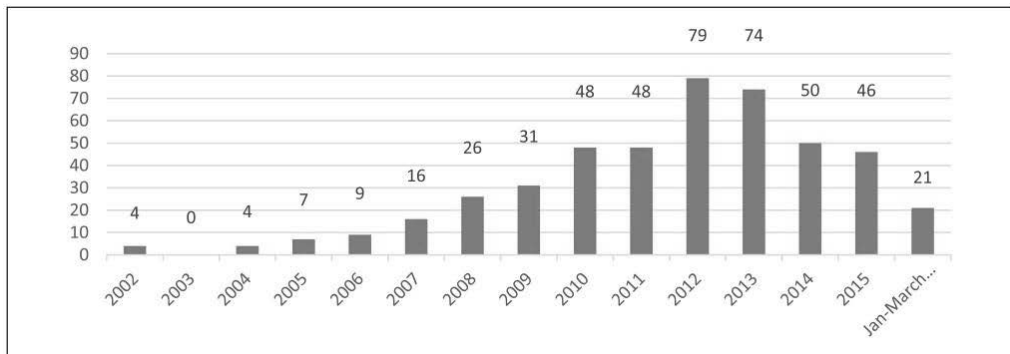


Figure 4. The number of published BOP articles

Co-creation is a foundational concept in the inclusive business literature. In their seminal article, Prahalad and Hart (2002: 6) contend that “no firm can do this [entry to low-income markets] alone. Multiple players must be involved, including local governmental authorities, nongovernmental organizations (NGOs), communities, financial institutions, and other companies. ... [B]usiness leaders must be willing to experiment, collaborate, empower locals, and create new sources of competitive advantage and wealth.” This was soon supported by London & Hart (2004), who analyzed 34 BOP ventures, concluding that relationships with non-traditional partners, local capacity building, and co-invention of novel solutions indeed do boost performance in low-income markets. Concurrently, Prahalad highlighted the concept of co-creation, defining BOP vision as “*the co-creation of a solution to the problem of poverty*” (2004: 2).

The idea of co-creation has been widely endorsed by inclusive business scholars (e.g. Khalid et al., 2015; Kolk, Rivera-Santos, & Rufin, 2014). Many scholars have found that in spite of contrary attempts, early studies viewed low-income people mainly as customers and promulgated a search for fortune *at* rather than *with* the

BOP (Arora & Romijn, 2009; London & Anupindi, 2012). "I liken BoP 1.0 to the proverbial 'child with a hammer' – give a child a hammer and everything looks like a nail. Corporations know how to swing their existing hammer, and lower-income 'consumers' look like a lot of new (albeit smaller) nails", Hart recently wrote (2015: 286). In contrast, "second generation" BOP strategies seek to engage low-income producers or entrepreneurs in co-creating new business models and whole ecosystems (Simanis & Hart, 2009).

Thereby, as noted by Nakata (2012: 3) there is a "growing perspective among BOP researchers and practitioners that ... innovations are cocreated with BOP communities and individuals, not designed and directed toward them in a one-way relationship". Recently, some scholars have envisioned a move to third generation BOP strategies, where the co-creation of poverty alleviating business models with low-income producers and NGO partners gives way to crowdsourcing and an open innovation of sustainable ecosystems with poor communities and diverse other partners (Hart, 2015: 287). However, Stuart Hart also notes that "we are still in the early stages of acquiring the skills necessary for effective co-creation and mutual value creation".

Despite this centrality of co-creation for the BOP approach, there are very few studies of co-creation in BOP contexts. The most extensive treatment can be found from the best-practice manual of Simanis, Hart and colleagues (2008). That outlines an extensive process of co-creation where company representatives live in a low-income community and, with the support of NGOs, build a project team from community members to co-create first a business concept, then a prototype and an ecosystem, and finally an enterprise. Unfortunately, there is limited information of how companies have utilized the manual. The only published article describes very briefly how some interns from SC Johnson developed and piloted a cleaning service business in the Kenyan slum of Kibera, offering little understanding of the activities, interactions and motivations of these interns, local people and other partners (Johnson, 2007).

The only empirical study, to my knowledge, that focuses on inclusive business co-creation is Dahan et al. (2010), who ask what NGOs can bring to business model co-creation in low-income contexts. By co-creation, they understand collaboration where an NGO contributes to or undertakes some business chain activity. They find that NGOs can bring market expertise; sourcing & distribution abilities; customer relationships; and legitimacy among customers, the civil society or the public sector. Other studies with relevant but fragmented insights suggest that success in BOP markets often requires that both the products and public awareness are co-created (Ramani, SadreGhazi, & Duysters, 2012) and management practices evolve in order that a win-win relation between the engaged poor people and the company is sustained when the business or the surrounding society changes (Ramachandran, Pant, & Pani, 2012). Finally, literature has discussed some antecedents to co-creation, including novel, equalitarian mental models (Calton, Werhane, Hartman, & Bevan, 2013) and 'relational capacity for social innovation' (Murphy et al., 2012).

As such, to my knowledge, there are no studies on how inclusive business co-creation in low-income contexts happens in practice. No study seeks to understand how partners contribute to such co-creation and what limitations and hurdles such co-creation meets?

Overall, our collective knowledge about inclusive business co-creation is so scarce that some scholars have started questioning whether co-creation is necessary or even feasible. In their review of the BOP literature until the year 2009, Kolk et al. (2014: 356) suggest the recommendation for co-creation in BOP initiatives amounts to an inappropriate “one-size-fits-all” approach. Chatterjee (2014: 893-894), on the other hand, comments that “notions that poor local communities can deal with the large private firms on an ‘equal basis’ reveals a serious gap in the understanding of issues of power, authority and domination”. This thesis purports to offer in-depth understanding and theorizing of what inclusive business co-creation in low-income contexts entails in practice.

While this review covers studies of direct relevance for co-creation in low-income settings and/or between companies and NGOs, it is interesting to note that many related fields of research are also growing rapidly. Those include the literature on subsistence markets (e.g. Viswanathan, Sridharan, & Ritchie, 2010), which explores the potential for business to alleviate poverty focusing mainly on local micro-entrepreneurs and small firms. Inclusive innovation and inclusive growth research, which were still “in a state of infancy” in 2012 (George, McGahan & Prabhu, 2012: 662), are now expanding rapidly. Inclusive innovation refers to innovation that benefits the disenfranchised and inclusive growth to improvements in the social and economic wellbeing of disenfranchised communities (George, McGahan & Prabhu, 2012, 661). Pro-poor growth research is a longer-running macro-level literature on how to achieve growth that reduces poverty (Kakwani & Pernia, 2000; Ravallion, 2004; Sumner, 2017).

2.2 Co-creation of business models and strategy

Business research on co-creation is rooted in a literature on customer participation in product development, kicked off in late 1970s (Lovelock & Young, 1979; Bendapudi & Leone, 2003). The actual concept of co-creation was first defined and discussed by C. K. Prahalad and Venkat Ramaswamy in 2000. Today, co-creation is studied in many fields of business research and typically seen as a process of engaging consumers and a wide range of other stakeholders (Fyrberg Yngfalk, 2013; Sanders & Stappers, 2008; Ramaswamy & Gouillart, 2010) throughout strategy, innovation and marketing processes (Hoyer, Chandy, Dorotic, Krafft, & Singh, 2010; Payne, Storbacka, & Frow, 2008; Prahalad & Ramaswamy, 2004; Romero & Molina, 2011).

My research is greatly indebted to the many business scholars, who have highlighted and debated power relations between co-creators. In their seminal texts, Prahalad and Ramaswamy (2004) suggested that in co-creation, companies are no longer central players, as the heart of value creation is the interaction between companies and consumers. Many later studies have agreed that co-creation reflects and engenders a new balance of power between consumers and companies

(Cova et al., 2011; Potts et al., 2008; Ramaswamy, 2009) or even casts them as equals in shaping business offerings and strategies (Fisher & Smith, 2011; Payne et al., 2008; Prahalad & Ramaswamy, 2004). Along the same lines, Sanders and Stappers (2008) visualize co-creation as innovation where a user, a researcher and a designer sit together at one circle of innovation (figure 5). In contrast, they contend, user-centred innovation has often been practiced from an 'expert perspective' so that researchers and designers have mainly interviewed or observed users, while 'lead user' innovation has typically just engaged a carefully selected elite of 'truly' creative customers.



Figure 5. The processes of user-centred design and co-creation (Sanders and Stappers, 2008)

Yet, critical marketing scholars have questioned whether co-creation really empowers consumers. From a Foucauldian perspective, company orchestrated co-creation platforms can be seen as a means of harnessing consumer activities in ways that benefit business (Zwick, Bonsu & Darmody, 2008). In a Marxist view, co-creation often heightens consumer exploitation, because consumers are not duly compensated for the know-how, enthusiasm and social cooperation they contribute (Bonsu & Darmody, 2008; Humphreys & Grayson, 2008). Hence, the

co-creation idea heroicizes consumers (Sassatelli, 2007) and belittles the power that capital holds over production and consumption (Cova et al., 2011).

Strategy, innovation and marketing research also abounds different conceptualizations of what co-creation entails. Scholars have designed diverse process models (Hilton, Hughes, & Chalcraft, 2012; Payne et al., 2008), conceptual frameworks (Etgar, 2008; Hoyer et al., 2010; Mahr et al., 2014), and tools (Mattelmäki, Brandt, & Vaajakallio, 2011; Sanders & Stappers, 2008). Others have identified different co-creation ‘modes’ like co-production, co-adaptation and co-finishing of products (Romero & Molina, 2011) or ‘mechanisms’ like co-development, co-promotion, co-experience and co-maintenance (Saarijärvi, 2012). While many of these conceptualizations focus on the motivators and outcomes of co-creation, paying less attention to the co-creation process itself (Etgar, 2008; Hoyer et al., 2010; Mahr et al., 2014), they do offer valuable pointers for my research. In my research, the work of Payne et al. (2008: 85) and Hilton et al. (2012) has been particularly useful. The former authors define co-creative encounters as “the processes and practices of interaction and exchange” within co-creative relationship that are “a longitudinal, dynamic, interactive set of experiences and activities”. The latter, on the other hand, view co-creation as “planned resource integration behaviour”, and model service co-creation as a process where partners’ resources feed value propositions, resource integration and modifications, and the realisation of value. Their research purpose and contexts are different from mine – they hope to help companies manage and develop their customer relations, illustrating the benefits by mapping the encounter processes of a tourism company (Payne et al., 2008) and describing higher education as a co-creation process (Hilton et al., 2012) – but the conceptual links they forge between co-creation and each partner’s practices and resources have greatly shaped my research.

Adjacent to the business-based co-creation literature, the rapidly expanding field on co-design has also informed several aspects of my work. Designers around the world have a surging interest in bringing design thinking to bear on challenging development problems. Design thinking emphasizes that people affected by a design should have a possibility to influence it (Mattelmäki & Sleeswijk Visser 2011). It calls for the incorporation of consumer insights and the use of local expertise to uncover local solutions (Brown & Wyatt, 2010). As such, the concepts of co-design and co-creation have different scholastic roots but are closely related and often used synonymously with one another (Sanders & Stappers, 2000). Design thinking can be contrasted with another rising approach: the engineering-for-development, which places technical functionality at the center of development work and tends to pay little attention to social power relations and structural constraints (Nieusma & Riley 2010). Design thinking foregrounds the process.

The BOP approach can be seen as sitting on the fence between the engineering and design approaches to development: Some BOP initiatives have largely boiled down to outsiders “coming in with assumptions about the potential of development ... [and] seeking to create a ‘fortune at the bottom of the pyramid’” (Nieusma & Riley, 2000: 55). On the other hand,

“in the BOP approach, inclusive partnerships between transnational corporations, local communities and other societal stakeholders became a favoured way

of working, and continuous co-learning based on participatory reflexivity and responsiveness became widely advocated – very similar to current-day RI [responsible investment] approaches” (De Hoop, Pols, & Romijn, 2016: 5).

Responsible innovation (RI) research has established that innovation that upholds the values of RI is difficult – and sometimes impossible – due to such barriers as contradictory interests between participants, power differences and unclear demarcation of responsibilities (De Hoop, Pols, & Romijn, 2016). Particularly in low-income contexts, attention to power relations and the economic and political context is particularly important to avoid RI from becoming a neo-colonial instrument (Macnaghten et al., 2014). Where participants’ interests cannot be reconciled, a valid outcome of an RI process would be not to innovate, conclude De Hoop, Pols and Romijn (2016).

Participatory design studies have also been influential in inspiring my methodological choices. Co-design entails an iterative process of research through doing design, which resembles action research. Design thinking has been described as experiential, optimistic, constructive, and ready for improvisation (Brown & Wyatt, 2010).

2.3 Participation in development initiatives

Development studies scholars have long discussed people’s participation in planning and implementing development initiatives. Development studies is a branch of social science that studies poverty and poverty alleviation, drawing on many disciplines from economics and politics to ecology, gender studies and social policy. It emerged as an academic discipline in the UK during the latter half of the 20th century, and most development studies researchers are still based in countries with a colonial history (Kothari, 2005).

Development studies has a lot to offer for inclusive business research, including rich debates and insights on what poverty is (Sen, 1981; Alkire et al., 2016; Pithouse, 2016); how inequalities and compromises shape development partnerships (Contu & Girei, 2014; Ferguson, Huysman, & Soekijad, 2010; Watkins & Swidler, 2013); how to raise the living standards of smallholder peasants (see the *Journal of Peasant Studies* and *Journal of Agrarian Change*); and how to evaluate development impacts (see the *Journal of Development Effectiveness*). Each of these discussions is highly relevant for the inclusive business approach. Nevertheless, a fuller review of these discussions is beyond the scope of this thesis, as they are long, multifaceted and contentious. Even the definition of development is highly contested – most development scholars relate it to theories of economic growth, modernization, underdevelopment, Marxism and neo-liberalism, some also to colonialism, feminism and postmodernism (Brass, 2007; Corbridge, 2007; Kothari, 2005).

The debate in development studies that has direct relevance to inclusive business co-creation concerns poor people’s participation in planning and implementing development initiatives. This discussion arose in the 1970s (Cornwall, 2000), fed by several ideologies. The Gandhian thinking promoted people’s cooperatives and village self-reliance as an antidote to the corrosive effects of modernization

and colonial rule (Gandhi, 1962). Paulo Freire and other South American thinkers, on the other hand, saw that engagement can bring excluded and disempowered people awareness and capacities to overcome the oppressive structures that shape their lives (Freire, 1970). In 1980s, participation gained support from both neoliberals, who advocated for institutional and social development to complement market deregulation, and post-Marxist, who called for the empowerment and mobilization of marginalized groups (Mohan & Stokke, 2000). In result, participation became one of the most widely used development concepts in 1980s and 1990s (Chambers, 1983; Pretty 1995).

Development scholars recognize that participation can serve very different purposes. As Michener (1998: 2109) notes, “participation is a pliable label without a firm definition”. Broadly speaking, development scholars distinguish between “efficiency seeking” and “transformative” (Cooke & Kothari, 2001; Hickey & Mohan, 2004) or “information gathering” and “rapport-building” participation (Mosse, 1994). Where poor people gain control or at least shared power over key decisions, participation is empowering and transformative, but informing or light consulting of people mainly serves to domesticate them and raise project efficiency (Deshler & Sock, 1985). In between these extremes, participation can serve to legitimize the initiative and the instigating organization(s) (Michener, 1998). As such, participation is a political process that may reproduce and even entrench prevailing power relations (White, 1996). Typically, several different orientations to participation may manifest during one development initiative, brought out by different phases, activities and related individuals (Michener, 1998)

Development scholars have also identified many participation related challenges. A prominent method for people’s participation in poor context have been public events, where information is discussed publicly and recorded. In such events, discussions tend to be dominated by the perspectives of most powerful groups, and people who are able to present personal and particular views in universal terms (Mosse, 1994). Gender inequalities in the ability to participate actively in public meetings and to sway the discussions are often evident (Mayoux, 1995). Lacking sufficient understanding of the local context, outside facilitators have often failed to take these power issues into consideration (Mansuri & Rao, 2004) and misrepresented people’s comments in their reports (Mosse, 1994). Often, people have not taken up invitations to participate, being sceptical of instigators’ intentions or abilities (Michener, 1998).

2.4 Cross-sector partnerships

Research on cross-sector partnerships (CSPs) departs from the insight that interaction between societal sectors – civil society, business and governments – is necessary to address complex global problems like poverty and climate change. CSPs have proliferated since 1980s (Selsky & Parker, 2005; Waddock, 1988) so that by 2010, ninety-six of the world’s hundred largest firms embraced them, managing an average portfolio of eighteen cross-sector partnerships (Van Tulder & Rosa, 2011). Partnership can here be defined as “a temporary social arrangement in

which two or more social actors work together toward a single common end requiring the transmutation of materials, ideas, and/or social relations to achieve that end” (Roberts & Bradley, 1991: 212). Research on CSPs, or the “collaborative paradigm of the 21st century” (Austin, 2000), draws on diverse disciplines from organization studies and public policy to business ethics, non-profit management and environmental studies.

In the terms of this research field, I study the microfoundations of seven company – NGO partnerships designed to become transformational and create both synergistic value (learning and innovation) for the partners and notable impact (empowerment and poverty reduction) for the society. I will review relevant literature on partnership orientations, microfoundations, value and impact.

Partnership orientations, scholars agree, are diverse. Most generally, partnerships are divided to “philanthropic”, “transactional” and “integrative” ones, where the latter entails intensive interaction that has central importance to each partner’s mission (Austin, 2000). Other suggested orientations include “participative” (Vurro, Dacin, & Perrini, 2011), where companies engage in societal issues simply to gain a license to operate, “engagement” (Kolk & Lenfant, 2015), where companies and communities exchange knowledge and information, “conflict resolution” (Murphy & Arenas, 2010), and “transformational” (Austin & Seitanidi, 2012), where partners use their core competencies and innovate novel solutions achieving significant organizational and societal change. The partnerships I have studied strove to be transformational: they sought to utilize each partners’ competencies to innovate novel business models and ecosystems that reduce poverty. In terms of the oft-cited partnering cycle (Tennyson, 2011: 6), my empirical material covers phases from partnership scoping and building through managing and maintaining till reviewing. Two of the seven partnerships ended earlier than was originally agreed, and one partnership did not end after the review but was revised and continued for another half a year.

Recent studies have started building the **microfoundations** of partnerships, zooming into involved managers’ and employees’ perceptions, actions and interactions. These studies highlight the importance of employee engagement: ignoring employee reservations in partner selection can cripple the whole partnership (Seitanidi, 2009), while employee inclusion in partnership activities spreads the learning and other partnership benefits (Kolk, Dolen, & Vock, 2010; Kolk, Vock, & Dolen, 2016). Further, they underscore the futility of partnering with very like-minded partners (Kourula & Delalieux, 2016), and the benefits of recalibrating partners’ roles at need (Le Ber & Branzei, 2010). I study the actions and interactions through which the representatives of the studied companies and NGOs brought their resources to the inclusive business initiatives and sought to construct coherent understandings.

Value creation for each partner and the society at large is the *raison d’être* for social partnerships. However, building on different disciplines (including business and non-business disciplines) and theoretical perspectives (e.g. resource dependence, transaction costs, institutionalism and stakeholder theory), partnership scholars hold diverging understandings of what value is (Kolk & Lenfant 2015;

Koschmann, Kuhn, & Pfarrer, 2012; Murphy, Arenas & Batista, 2015). An important recent contribution is Austin's (2010) observation that value creation is driven by the resources each partner mobilizes and greatest value is attainable when partners apply competencies that are at the core of their organizational success. For instance, while monetary donations are often a necessary component of collaboration, partnerships can become transformational only if partners contribute such resources as innovation capability, social embeddedness or technological know-how. Recently, Austin and Seitanidi (2012) suggested that value generated in business-NGO partnerships may be associational (e.g. legitimacy or credibility), transferred (e.g. subsidies and market intelligence), interactive (e.g. access to networks and improved relationships) and synergistic (e.g. learning and innovation).

My research joins a growing group of scholars who seek to understand *how* the synergistic value production – learning and innovation – can be achieved in cross-sector social partnerships. Previous research has found that learning and innovation in cross-sector partnerships is spurred by partners' prior experience of cross-sector collaboration (Arya & Salk, 2006; Reast, Lindgreen, Vanhamme, & Maon, 2010), partners' social capital (Jamali, Yianni, & Abdallah, 2011; Ryan & O'Malley, 2016), active individual boundary spanners (Ryan & O'Malley, 2016) and the involvement of intermediating organizations (Arya & Salk, 2006).

Partnership impact is another very topical puzzle. Cross-sector partnerships have been evaluated in various ways, including goal achievement, social capital generation and redistribution of power (Gray, 2000), but later studies stress that impacts accrue to all levels – people, organizations, communities and societies (Seitanidi & Lindgreen, 2010). In line with this, Van Tulder, Seitanidi, Crane and Brammer (2016) recently developed a framework to guide future work in partnership effectiveness. This framework recognizes four orders of impact: operational project efficiency that affects the involved individuals, project performance that affects the involved organizations, mission-related performance that affects the partnership, and issue-related performance that affects the society. This dissertation focuses on inclusive business partnerships that address the wicked problem of global poverty, and aim to generate significant impact from the individual to the societal level. As such, this research engages with the current discussion of whether, and how, cross-sector partnerships can lead to systemic change (Waddell et al., 2015).

Furthermore, this thesis benefits from previous research on **common challenges** in cross-sector partnerships, which offer valuable pointers for my analysis of what limits co-creation. The basic challenge is that partners' organizational logics diverge (Berger, Cunningham & Drumwright, 2004), which is reflected in different missions (Vurro et al., 2010), conceptions of value (Le Ber & Branzei, 2010) and management styles (Saz-Carranza & Longo, 2012). Challenges are exacerbated where partners do not openly discuss the organizational interests underpinning their partnership (MacDonald & Chrisp, 2005). Another fundamental problem are unequal power relations between partners (Berger et al., 2004). While many streams of partnership research have given weak attention to power (Arora & Romijn, 2012; Lotia & Hardy, 2008; Tomlinson, 2005), studies do note that power relations shape definitions of the addressed social problems (Selsky &

Parker, 2010) and partners shared practices (Soublière & Cloutier, 2015). Power imbalances can preclude learning or, in worst cases, ongoing contestation can undermine collaboration altogether (Brinkerhoff & Brinkerhoff, 2004; 2011; Venn & Berg, 2014).

The above challenges erode trust in partnerships (Venn & Berg, 2014). Trust is foundational for partnership continuation (Henderson & Smith-King, 2015; Getha-Taylor; 2012), and especially for learning (Pittz & Intindola, 2015; Marlier et al., 2015) and innovation in partnerships (Couchman & Fulop, 2004). Trust builds up slowly and incrementally through repeated interactions, but can break down rapidly when betrayed (Mayer, Davis, & Schoorman, 1995). In BOP partnerships, trust may be particularly important, as most companies find the environment unfamiliar and formal institutions are weak (Dahan et al., 2010; Kolk, Van Tulder, & Kostwinder, 2008: 14), yet concerns of companies “selling out the poor” are common (Karnani 2007; Mittal and Wallach 2004). Finally, partners ongoing legitimation work towards internal and external stakeholders (Rueede & Kreutzer, 2015) may burden the collaboration (Hahn & Pinkse, 2014; Angeli & Jaiswal, 2015). Legitimation work may be particularly intense in integrative and transformational partnerships, which challenge the identities and objectives of the partnering organizations (Herlin, 2015).

Overall, partnerships are just one type of interaction between companies and NGOs. NGO's also deploy many other tactics to boost sustainability in business: they shine a spotlight on irresponsible behaviour, lobby and campaign for government regulation and raise public awareness (Hendry, 2003; Yaziji & Doh, 2009; de Bakker, den Hond, King, & Weber, 2013). These other tactics often support the partnership approach by incentivising companies to enter the partnerships and heed their partner's views (den Hond & de Bakker, 2007). Hence, recent research argues that both collaborative and confrontational strategies are needed to achieve not only incremental change or reform but also transformational change (Waddell, et al 2015)

2.5 International business in low-income contexts

International Business is, in several ways, the logical academic home of the BOP proposal. Firstly, a managerial view into the internationalization of an individual business enterprise is the shared focus of the BOP research (Arora & Romijn, 2012; Kolk et al. 2014) and the wider IB research (Griffith, Cavusgil, & Xu, 2008). In other words, these literatures largely revolve around such questions as *how can a firm successfully enter a new market* and *what kind of alliances help a firms' internationalization process*. Secondly, the assumption that context matters is fundamental for both IB (Michailova, 2011) and BOP research (Prahalad & Hart, 2002). In international business research this shows in long streams of research that highlight the role of national (e.g. Ferner, Quintanilla, & Varul, 2001; Lyles & Salk, 1996), institutional (e.g. Peng, Wang, & Jiang, 2008; Yildiz & Fey, 2012) and organizational (e.g. Roth & Kostova, 2003; Geppert, M., Williams & Matten, 2003) context, but also in many calls for a more meaningful incorporation of context in IB research (Delios, 2016; Michailova & Tienari, 2014; Poulis, Poulis, &

Plakoyiannaki, 2013; Tsui, 2007; Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011). The BOP proposal, for its part, departs from an understanding that low-income customers, producers and operating environments differ from wealthier ones so fundamentally that BOP entry may require novel strategies and capabilities (Prahalad & Hart, 2002).

Thirdly, BOP research scrutinizes one part of emerging markets (EM), a prominent topic in IB (Griffith et al. 2008, Meyer & Peng, 2016; Sinkovics, Yamin, Nadvi, & Zhang Zhang, 2014). The EMs and the BOP are not synonyms: EMs typically refers to whole national markets (often BRICS – Brazil, Russia, India, China and South Africa – or MINT – Mexico, Indonesia, Nigeria and Turkey) (Sinkovics et al., 2014). The BOP, on the other hand, refers to the lowest and largest market segment within them, which has already attracted numerous foreign enterprises from Nestle to Cemex and Telenor. Finally, the IB and BOP literatures share many core themes: knowledge transfer and learning; alliances, intermediary organizations and NGO; and product development and innovation. Highlighting these themes in IB research, Griffith, Cavusgil and Xu (2008) name such rising research questions as *how can learning between multinational enterprises and their partners be facilitated? How do NGOs influence international business? What are the determinants of success in product development?* These questions are also central for BOP research, and at the core of this thesis.

Indeed, IB journals have published a considerable number of studies on BOP contexts. Many of these studies are rather descriptive, akin to early IB research (Liesch, Håkanson, McGaughey, Middleton, & Cretchley, 2011). They highlight the specificities of BOP institutional context (Alvi, 2012; Bortoluzzi, Chiarvesio, Di Maria, & Tabacco, 2014), networks (Adekambi et al., 2015; Rivera-Santos & Rufin, 2010); entrepreneurial environment (Smith, Judge, Pezeshkan, & Nair, 2016; Tracey & Phillips, 2011), consumption patterns (Acosta, Kim, Melzer, Mendoza, & Thelen, 2011; Dey, Binsardi, Prendergast, & Saren, 2013; Nakata & Antalis, 2015), and social value creation (Gold, Hahn, & Seuring, 2013; Sinkovics, Sinkovics, & Yamin, 2014; Tasavori, Ghauri, & Zaefarian, 2016).

Further, Hilleman and Verbeke (2014) demonstrate that mainstream IB thinking and in particular the internalization theory is valuable when a foreign company assesses business opportunities at the BOP. They recommend that to make sound business judgements, companies consider the “normal” aspects, including such host country location factors like political stability, economic freedom and institutional strengths, and the transaction costs of acquiring the necessary knowledge and capabilities.

The most notable challenge to existing IB theories that springs from BOP studies is presented by London and Hart (2004), who challenge the fundamentals of the transnational strategy. The transnational strategy, which is probably the most influential model of global business strategy (Meyer & Su, 2015), is based on Prahalad and Doz’s (1987) proposal that internationally operating corporations need to combine “global integration” (global processes, supply chains and scale economies) with “local responsiveness” (adapting to local markets). Building on this conceptualization, Bartlett and Ghoshal (1989) coined the transnational strategy

and defined three capabilities this strategy rests on: global efficiency, local responsiveness and world-wide learning (see figure 6). This model has and continues to inspire extensive research in IB (e.g. Harzing, 2000; Meyer & Su, 2015; Peng, 2014; Rugman, & Verbeke, 1992).

Focusing on BOP contexts, however, London and Hart (2004) analyze 34 empirical cases and find that in addition to global efficiency, local responsiveness and world-wide learning, successful companies also develop a “capability in social embeddedness”. This capability supports co-creation with non-traditional partners and local capacity building, which are crucial to access information, expertise, resources and legitimacy for successful operation in the challenging novel context of low-income markets. Relatedly, Schuster and Holtbrügge (2012) suggest ‘an embedded subsidiary’, which has close, long-term relations with local market and non-market partners and benefits from their market-specific knowledge, deserves to be recognized in the stages model of internationalization (Johanson & Vahlne, 1977). They suggest that such an embedded subsidiary, not any production subsidiary, is the highest stage of commitment to a foreign market. These studies have inspired many scholars – London and Hart’s study has been cited more than 1180 times – and several scholars have discussed the social embeddedness approach further. For example, Gifford and Kestler (2008) describe the activities of a mining corporation in reaching out to local communities in search of a social license to operate, and Sinkovics, Sinkovics and Yamin (2014) study five business in rural India, concluding that strategies of mutual value creation are challenging, as they require long-term commitment and engaging with communities.

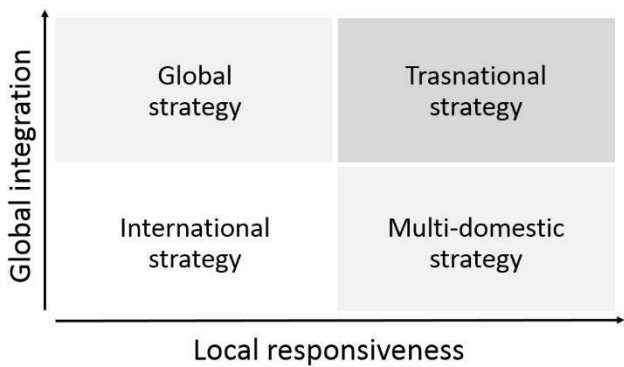


Figure 6. MNC management (sources Prahalad & Doz, 1987; Bartlett & Ghoshal, 1989)

Recently, Santos and Williamson (2015) have gone further and proposed that most corporations must forsake the whole ideal of local responsiveness and instead seek local integration, to compete on emerging markets. This conclusion springs from their analysis of competition between multinational and local companies in twelve industries in eight emerging markets. Santos and Williamson find that local companies have already toppled the multinationals in six industries and are gaining market shares in most other industries as well. They identify five “home team”

advantages the successful local companies are using: “(1) engaging deeply with customers and end users; (2) partnering with local suppliers; (3) fostering development of the local talent pool; (4) shaping the regulatory and institutional environment; and (5) participating in the broader development of social value.” They conclude that in “dynamic markets, local adaptation is, at best, a catch-up strategy ... in today’s global environment” (Santos & Williamson, 2015: 47).

In sum, London and Hart (2004) argue that competitiveness at the BOP requires local responsiveness *and* social embeddedness. Further, Santos and Williamson (2015) propose that most companies must fully replace the ideal of local responsiveness with local integration. Both of these studies, and others inspired by them, find deep engagement and co-creation with end users and other non-traditional partners crucial for successful operation at the BOP. My work continues this stream of research by taking a deeper look at what such co-creation entails.

2.6 Theoretical underpinnings: The sensemaking and practice approaches

This thesis looks at co-creation from the perspective of sensemaking and practice theories. Collective sensemaking occurs when individuals face an unexpected experience or information, form a tentative idea of what it could mean, voice these views to others and refine them to reach understandings that are sufficiently coherent for collective action (Stigliani & Ravasi, 2012; Weick et al., 2005). Midway my empirical work, me and my co-authors came to realize that collective sensemaking is both inevitable and important in inclusive business co-creation for several reasons: Partners face complex social and ecological problems, are exposed to each other’s diverse knowledge and perspectives, and seek sustained collaboration on novel business ideas. Due to this complexity, diversity and search for novelty, surprising information is likely to be both bountiful and paramount.

Sensemaking research has diverged into two strands. The psychological approach to sensemaking builds on social cognition literature and examines how individuals draw on and develop schema and mental maps (Fiss & Zajac 2006; Lockett et al., 2013; Louis, 1980). The complementary sociological approach focuses on the social processes where individuals construct, contest and refine understandings through interaction with others (Gephart et al., 2010; Maitlis, 2005). I follow the latter approach.

Studies of collective sensemaking have taken different views on the possibility for groups to construct shared meanings (Maitlis & Christianson, 2014). In his early work on sensemaking, Weick (1979) wrote about shared, consensual meanings, but later analysis has noted that fundamentally different understandings tend to arise even within single organizations, due to different professional identities (Doolin, 2002; Landau & Drori, 2008), functional responsibilities and vocabularies (Beverland, Micheli, & Farrelly, 2016; Cornelissen & Clarke, 2010), and hierarchical status (Baly, Kletz, & Sardas, 2016; Labianca, Gray, & Brass, 2000). As such, collective sensemaking is often “marked by divergent and sometimes antagonistic frames of reference” (Drazin, Glynn & Kazanjian, 1999, 294; see also Brown, 2000). Indeed, some scholars suggest that “congruent” (Vlaar, Fenema &

Tiwari, 2008) or “coherent” understandings (Landau & Drori, 2008; see also Nagar, 2012; Reinecke & Ansari, 2015) may be sufficient for cooperative action (4).

One rising theme among sensemaking scholars pertains to the temporal orientation of sensemaking. Most scholars find all sensemaking retrospective: Even when planning, people make sense of the implications and desirability of possible future situations by hypothesizing that they have already occurred (Weick, 1979, 1995). However, some scholars propose that sensemaking related to past events and future-oriented strategizing and innovation are different, because during the latter, individuals and groups are envisioning both their goals and their means of achieving them (Gioia, 1986; Gioia & Mehra, 1996). In prospective sensemaking, understandings may be particularly tentative and malleable, suggest recent studies of surgeons (Rosness, Evjemo, Haavik, & Waerø, 2016), start-up entrepreneurs (Cornelissen & Clarke, 2010) and designers (Stigliani & Ravasi, 2012).

Another rapidly expanding stream of research shows that sensemaking is oriented by organizational and societal practices and structures (Sandberg & Tsoukas, 2015; Weber & Glynn, 2006) including sectoral and cultural boundaries (Fellows & Liu, 2016). The practices and structures discussed in recent sensemaking research include professional roles and identities (Cornelissen, 2012; Lockett et al., 2013), organisational cultures and vocabularies (Landau & Drori, 2008; Mikkelsen, 2013; Ravasi & Schultz, 2006), institutional logics (Bevort, 2012; Jay, 2013) and local institutions and historical legacies (Persson, 2013; Warwick-Giles, Coleman, & Checkland, 2017).

Recent research models the process of prospective collective sensemaking. The process entails interrelated cycles between (1) noticing, (2) articulating, (3) elaborating and (4) action that group members go back and forth between (Stigliani & Ravasi, 2012). First, individuals immersed in a flux of events and information perceive some cue as particularly surprising (1). They bracket it for closer attention, construct a tentative meaning for it and verbally articulate (2) that emerging understanding. The understandings may be so vague and fleeting that individuals struggle to verbalise them, and draw heavily on metaphors (Gioia, Thomas, Clark, & Chittipeddi, 1994) or dominant “vocabularies”. As Weick (1995: 107) argues: People “pull words from vocabularies of society and make sense of ideology. ... They pull words from occupations and professions and make sense of paradigms. ... And they pull words from vocabularies of sequence and experience and make sense using narratives”. When elaborating (3), group members interact verbally and non-verbally, contesting, probing, refining and reconciling their understandings and forging links to their related views.

Nevertheless, research of collective sensemaking has largely focused on single organisation settings, analysing sensemaking within top management (Gioia & Chittipeddi, 1991; Gioia & Thomas, 1996), among top and middle managers (Balogun & Johnson, 2004, 2005; Thomas, Sargent, & Hardy, 2011), between managers and employees (Dawson & McLean, 2013; Huy, 2002; Sonenshein, 2010) or amongst employees (Bartunek, Rousseau, Rudolph, & DePalma, 2006; Drazin et al., 1999; Rosness et al., 2016). Rare exceptions of studies on diverse settings look at Wikipedia developers (Nagar, 2012), and multiple stakeholders of a fair trade initiative (Reinecke & Ansari, 2015).

Practice theories, on the other hand, form a broad family of theories that foreground the role of practices and activities. These theories see that all social life – friendships, business partnerships, organizations and institutions – is sustained and moulded by continuous activities that do not spring solely from individual choices but largely from the practices that prevail in the organization and society (Nicolini 2012: 3). For example, the prevailing meeting and planning practices guide individuals. Actions take place, gain meaning and can be understood only in the light of the prevailing practices (Reckwitz 2002: 256). As such, the practice approach is not just about focusing on activities as an empirical object but also a ‘way of seeing’ or a theoretical and ontological lense (Corradi, Gherardi & Verzelloni, 2010; Feldman & Orlikowski 2011). Practice theoretical analysis aims to break the subject – object dichotomy – the basic unit of analysis is not actors or structures but practices.

Practice theoretical thinking has risen during the last decades (Corradi et al., 2010) especially among scholars of learning and knowing (Lave & Wenger, 1991; Brown & Duguid, 1991; Gherardi, Nicolini, & Odella, 1998), technology (Orlikowski, 1992) and strategy (Jarzabkowski, 2003; Whittington, 2006). Within practice family, many diverging emphases persist, including diverse views on how big or small unit a practice is (Nicolini, 2012). While Bourdieu (1984) wrote about sitting correctly at a table, Schatzki (2005) writes about cooking a whole meal. Still other write about organized activities like skate boarding (Shove, Pantzar, & Watson, 2012) and vegetarianism (Barnes, 2001), or even the whole field of science (Pickering, 1995). My research builds on the simple definition of practices as “regularized types of acts” (Giddens, 1976: 75). Seasoned practitioners often take the prevailing practices for granted and reproduce them with little effort, but practices differ across place, historical context and time (Giddens, 1979: 53). In addition to bodily and mental actions, a practice entails knowledge, skills, norms and material artifacts that support the actions, so learning a new practice – or changing one to suit a new context – is arduous.

This thesis draws particularly on resourcing theory, a practice perspective that emphasizes the activities of enacting resources (Feldman, Worline, Cameron, & Spreitzer, 2011). The central idea of resourcing theory is that the potential of any resource is realized only when it gets used (Feldman 2004). Thus, a distinction is made between assets and resources or potential resources and resources in use (Feldman & Quick 2009) – a conceptualization very similar to Orlikowski’s (1992) view of technology-in-practice. Studies adopting the resourcing theory highlight that putting potential resource into use is often not straightforward. For example, a seminar management software only contributes to seminars, if the relevant people actually use it (Pentland & Feldman, 2008), and in-house environmental experts only influence company operations, if the experts interact and skilfully portray their knowledge to their colleagues (Howard-Grenville, 2007). Resources are also mutable (Feldman 2004). Depending on its use, a seminar management software can be an efficiency or collaboration promoting resource. This is not to deny that potential resources have innate qualities – software can be dated or cutting-edge – but resourcing theory stresses that these qualities only matter when people

draw upon them. Organizational practices require but also create and shape resources.

Further, building on Giddens' (1984) view of a recursive, mutually constitutive relationship between action and structure, resourcing theory highlights the recursive relation between resources, activities and collective schemas. These schemas refer to mutual understandings by a group of people (Schutz & Luckmann 1973: 7). Activities link resources to collective schemas. When seeking such a linkage, people often adjust both their resources and their schemas. They "consider an amalgam of their purposes, content, structure, and relationships - - [and] adjust resources in use to frameworks" and vice versa (Feldman et al., 2011). The eventual linkages may be multiple and intentional, accidental or even unconscious (Feldman & Quick, 2009). For example, the use of a seminar management software may energize the schema of seminar organizers as efficient administrators or as collaborative and creative educators. These ontological connections are depicted in figure 7.

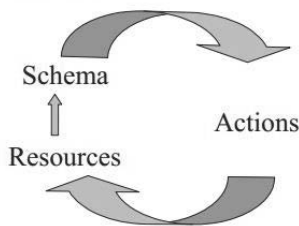


Figure 7. Resourcing cycle (source: Feldman 2004)

My focus on resourcing complements previous studies on BOP partnerships, which have conceptualized resources in line with resource dependent, resource-based or (less often) relational views. These theories view resources as assets that can be possessed or owned, paying little attention to the activities necessary to enact resources (Feldman et al., 2011). Further, resourcing theory leads to a very broad definition of a resource as "any-thing that can serve as a source of power in social inter-actions" (Sewell 1992: 9). Thus, resources may not only be material assets or knowledge, but also things like time, social connections, trust, emotion and identity.

I have chosen to combine the sensemaking and practice perspectives, because these perspectives illuminate related but distinct and interesting aspects of the concept and limitations of co-creation. They highlight that co-creation hinges on partners' abilities to develop coherent understandings and to enact and adapt their practices and potential resources. In general terms, these perspectives emphasize the non-linearity of co-creation processes, the need for partners to work together and the profound influence of history and context on partners' activities, understandings and interaction.

Both the sensemaking and the practice perspectives are broad families of theoretical approaches and these theories are not all compatible. It is unlikely, for example, that a psychology-based sensemaking theory and a practice theory with a

broad conception of practice (e.g. practice as scientific research or capitalism) could complement each other.

The sensemaking and practice perspectives adopted in this thesis, however, are complementary. They both draw on the pragmatism of Dewey and Lewin, and highlight that human actions are guided (but not dictated) by organizational and societal practices (Emirbayer & Mische, 1998). The resourcing theory zooms in on the practices and activities that shape resources. The sociological perspective to collective sensemaking zooms in on the process, practices and structures that shape collective understandings.

One notable and shared limitation of these theories, in relation to my research topic, is that neither of them foreground questions of power and power relations. I understand inclusive business development as a continuous negotiation and search for compromise and synergies between different goals, values and parties. I have, however, found ways to incorporate analyses of power relations to each of my essays.

Table 1. Summary of the most relevant research streams

Research field	Relevant research themes	Gaps or limitations	How thesis relates or contributes
Inclusive business	Inclusive business co-creation in low-income contexts	Very few studies of what such co-creation entails in practice	Novel theorizing
Business strategy and innovation	The process of business model and strategy co-creation and consumer empowerment in it.	Very few studies on low-income contexts	Extension to a new empirical context
Development studies	The purposes and challenges of participation in development initiatives	Findings are little utilized in inclusive business research	Utilization of relevant key findings
Cross-sector partnerships	Synergistic value creation in and microfoundations of partnerships; Partnership challenges.	Few empirical in-depth studies of transformational partnerships	Conceptual contributions; Utilization of relevant findings
International business in low-income contexts	Emerging market entry: Local responsiveness (transnational strategy) versus local integration	Few studies of what local integration in low-income contexts entails in practice	Novel theorizing
Sensemaking approach	Collective sensemaking	Very few studies of collective sensemaking in diverse groups	Novel theorizing
Resourcing theory	Interplay between organizational and societal practices, people's actions and their resources.	Theory not utilized in inclusive business research	Utilization in new empirical context

3. Research approach

My research process has been abductive (Kemmis, McTaggart, & Nixon, 2014; Dubois & Gadde, 2002; 2014). Initially, my literature review and empirical research was guided by a broad interest in understanding how inclusive business partners collaborate as well as a general understanding of several potentially relevant theoretical perspectives. During my research, I kept going back and forth between my empirical materials and relevant previous research, which helped me to specify topical research questions and choose useful theoretical perspectives. The chosen research questions and theories guided my subsequent empirical work: in my literature review, I zoomed into the concept of co-creation, and in my empirical work I started documenting participants' articulation and elaboration (collective sensemaking) and doings (practices) in increasing detail.

The primary level of analysis in this thesis is the meso level of inclusive business partnerships and co-creation (cf. Tulder, Verbeke & Strange, 2014, 6-8). I seek to understand what the co-creation of inclusive business among partnering organizations entails and what limitations or hurdles it faces. My three essays analyze these partnerships and practices from three different perspectives, moving between meso and micro levels of analysis:

- The first essay discusses the participants and purpose of such co-creation among diverse partners (meso level analysis),
- the second essay analyses factors that hinder and facilitate collective sensemaking between individuals from multiple organizations, sectors and cultures (micro level analysis), and
- the third essay analyses how and to what extent NGOs contribute to such co-creative partnerships (meso level analysis).

Following practice philosophy, however, I also seek to transcend the micro-macro separation. In the words of Schatzki (2001, 14), practice theories challenge “the traditional individual-nonindividual divide by availing themselves of features of both sides”. Practices “resemble macro phenomena in constraining individual activity”, yet they are constantly interpreted, reproduced and shaped by individual agents (Schatzki, 2001, 14). Thereby, practice thinkers seek to move beyond any single level of analysis and combine an analysis of societal changes, organizational conventions and the activities of individuals.

The units of analysis in my three essays are conceptualization (first essay), partnership and the individual participant (second essay), and practice (third essay). In my first essay, I identify, organize and discuss other BOP authors' *conceptualizations* of the participants, purpose, feasibility and necessity of co-creation. In

the second essay, I and my co-authors compare and contrast four inclusive business *partnerships* and identify factors that hinder or facilitate collective sense-making among the *individuals* participating in these partnerships. In the third essay, I identify *practices* that allow NGOs to make contributions to inclusive business partnerships, and factors that bound the enacting or adapting of these practices.

In this chapter, I first discuss the research approach I adopted in my first essay, the systematic literature review. Next, I present the empirical basis of my second and third essay – the inclusive business initiative entitled WeBusiness – and my method of engaging with this initiative. Then I describe my methods of analysis. At the end, I discuss the quality of my research.

3.1 Review of the state of knowledge

A search in EBSCOhost with the keywords of “bottom/base of the pyramid” and “inclusive business” was among the first things I did at the start of my PhD studies. I had previously read the seminal texts, many later studies and also some strong criticism, and was curious to see how this literature was evolving. Reading through the articles, I started arranging them in various mindmaps – which then gave the idea of a systematic literature review to me and my supervisor.

During the next 4,5 years, I wrote five completely different manuscript-length texts. It took three versions before I fully grasped how a *systematic literature review* differs from a well-referenced conceptual course essay. After that it took two more versions until my analysis was focused enough to allow for suitable depth in the confines of an article-length text. In the third manuscript, my objectives was “to present and assess the state of research on co-creation in BOP markets, highlighting conceptual and empirical trends, contentions and gaps”. In the fourth manuscript, my review question was ‘What do we know about the definition, outcomes, process and antecedents of co-creation in BOP contexts?’ In the published article, my objective “is to clarify the concept of cocreation in BOP markets”.

In selecting the materials for the review, my primary goal was to avoid randomness and include all directly relevant articles. Therefore, article selection followed a systematic four-stage procedure, described in the first essay. The procedure can be summarized as (i) keyword search with “base/bottom of the pyramid”, (ii) identifying BOP articles, (iii) identifying co-creation related BOP articles, (iv) analysis of these articles. In total, I found 463 BOP articles and 196 articles that were relevant for my study of co-creation.

In my analysis, I draw several lessons from the development studies literature. In particular, I incorporate insights from development studies on different types of participation, multiple dimensions of poverty, and the feasibility of engaging poor people. This follows other inclusive business authors’ calls for more cross-fertilization with other literatures (Hansen & Schaumburg-müller, 2010; Kolk et al., 2014). As my own academic background is in development studies and development economics, I am most aware of the missing links between these vast literatures and the inclusive business scholarship.

3.2 The WeBusiness initiative



Figure 8. Co-creation of handicraft designs by Indian producers, Nordic entrepreneur and designer, and NGO representatives.

My second and third essay draw on my research of partnerships that involved one international NGO and seven for-profit organizations and aimed at the co-creation of inclusive business in low-income contexts in India or Sri Lanka (see figure 8 for a snapshot of one partnership in action). The partnerships were initiated by three chapters of the NGO – GlobalMission Finland, Sri Lanka and India – who believed that inclusive business could boost their social impact, bring in corporate funds, build their brand among public funders and development NGOs.

In development cooperation, we can support business that solves local problems and improves the quality of life sustainably. But if some corporation is involved and we scale up globally, the development impact can be much larger than without this partnership, explained the managing director of GlobalMission Nordic in a public seminar.

To find corporate partners for inclusive business ventures, the directors of these NGOs envisioned an innovation programme entitled WeBusiness that Nordic companies can join for one calendar year. The NGOs pledge comprehensive support for the participating companies.

WeBusiness innovation program takes Nordic companies to solve social, economic and ecological challenges in local poor communities. Companies get to develop new business ideas together with end users, the poor community members - facilitated by top specialists in this field, promised the programme website in December 2012.

We will facilitate equal dialogue, innovating and inventing between low-income communities, other local actors and Finnish companies. Equality is central - -.

This programme is neither a traditional export promotion trip nor just about corporate social responsibility or development cooperation, but innovation through collaboration, envisioned the innovation director of GlobalMission Finland at the launch seminar of the programme in January 2013.

As an NGO-led endeavour in inclusive business development, WeBusiness itself is an innovation – the organizers knew, and I still know of no other similar endeavours.

Having defined the programme vision, the NGOs invited our research group and one Nordic consulting company to join in planning the programme and co-creating inclusive business models. My main PhD supervisor professor Minna Halme joined the WeBusiness steering group. I became a member of the organizing team, which had representatives from each of the NGOs and the consulting company, and we started preparing a sample schedule (see figure 9) that was later tailored to different companies' needs. The programme came to entail two field trips, eight workshops in the Nordic country, and teleconferences and email exchanges as per each company's needs. First, the NGO shared its knowledge of the Indian and Sri Lankan target areas, then the later workshops and trip encouraged the co-creation of business models and ecosystems between participating enterprises, low-income communities, other Indian and Sri Lankan actors and the organisers.

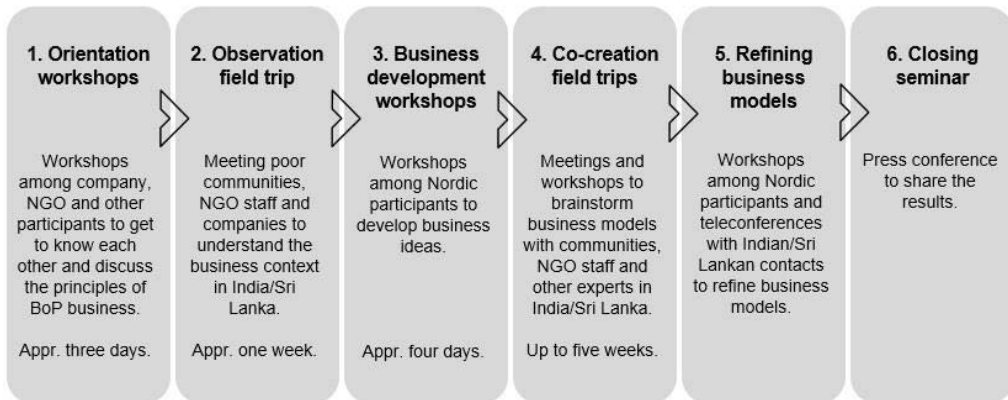


Figure 9. WeBusiness schedule

Was this WeBusiness programme structure well suited to the task of facilitating deep co-creation of inclusive business? The structure represents a compromise between the organizers' different perspectives rather than anybody's ideal vision. Even the two key representatives of GlobalMission Nordic brought different perspectives to the planning process: while the programme manager emphasized early and extensive engagement with Indian and Sri Lankan NGO representatives and communities, the innovation director emphasized that participation must be feasible also for small and medium-scale companies with limited resources and inspiring for experienced, fast-paced business managers. I mainly brought in academic findings that inclusive business development benefits from bottom-up

thinking and close, extensive interaction between the company and poor communities (e.g. Arora & Romijn, 2009; Simanis & Hart, 2008). The business consultants and the Indian and Sri Lankan NGO representatives were sceptical that either the companies or the community members would be interested in several weeks of interaction. As such, the programme structure is also an outcome of a co-creative process, shaped by diverse organizational logics.

GlobalMission Finland promoted the programme to Nordic companies in business events, on email lists and via phone calls. In particular, the NGO contacted companies whose know-how was in high demand in the Indian and Sri Lankan target areas, including skill development, employment, eco-friendly farming and housing. The participation and travel cost for companies was approximately 14,000 euros.

In 2013 and 2014, seven Nordic for-profit organizations joined WeBusiness. My research is based on these partnerships. Table 2 provides basic information on these partners and figure 10 visualizes the empirical setting. Prior to the studied partnerships, five of these for-profit organizations had operated in developing countries but none in very low-income towns or slums. Most of them had previous experience of cross-sector partnerships, the compost and energy companies even of strategic NGO partnerships. Each had a strategic interest in BOP markets (Elaydi & Harrison, 2010).

In each of these inclusive business initiatives, there were traces of the third generation BOP approach (Hart, 2015): each of them engaged low-income communities and diverse other partners extensively in innovating (not just in operating) the inclusive business model and the overall ecosystem. Yet there were also differences between the studied for-profit partners. Two of them – EDU and HOUSE – were interested in low-income people partially (although not solely) as potential customers, which reflects first generation BOP thinking. One for-profit partner – COMPOST – was mainly interested in low-income people as producers, which reflects second generation BOP thinking. Four partners – HANDI, ENERGY, TRAVEL and BIO – sought to engage communities and support them in organizing, voicing their needs and seeking social change, which reflects third generation BOP thinking (Hart, 2015). For example, HANDI supported local students and handicrafts producers in voicing their needs and one producer group in formalizing their association and cutting middle-men from their production chain. TRAVEL supported local households, handicraft producers and youth in identifying and voicing their needs to relevant local decision makers.

Were the business ideas promising? The rather general business ideas presented in table 2 emerged during the WeBusiness programme, typically soon after the first field trip. They built on each for-profit partner's know-how, interaction with communities and NGO representatives during the first field trip, and brainstorming with the Nordic NGO, business consultants and our research group. One for-profit partner (EDU) left the programme after the first field trip, because partners lost their faith that a suitable, inclusive and profitable business idea could be identified. Others continued collaborating and refining their business ideas for the whole duration of the year-long partnership. Yet the effective co-creation of business ideas was bounded by several factors, which I discuss in my second and third essay: part-

Table 2. For-profit partners

	Company size	Inclusive business idea	Objective during the innovation programme	Previous cross-sector partnerships	Weeks spent on field
Bio	Small	Establishing a bioenergy training center in Sri Lanka.	Finding key partners to support funding applications.	Closely linked to a university.	5
Compost	Medium	Introducing household/company size compost bins to Sri Lanka, and engaging low-income farmers either as customers or entrepreneurs.	Developing a business model, finding key partners.	Numerous, with public actors, NGOs, universities.	5
Edu	Micro	Providing capacity building services to Indian women entrepreneurs in collaboration with local partners.	Developing a business model, finding key partners.	none (start-up)	1
Energy	Large	Engage rural Indian low-income people in collecting biomass for its power plants and adopting other more sustainable energy sources for their household needs. This would improve the social and environmental impact of its planned new power stations.	Developing a model and piloting the process for community engagement and.	Numerous, with NGOs and universities.	1
Handi	Micro	Partnering with Indian low-income handicraft producers to design and produce business gifts to the Finnish market.	Refining business idea, launching business.	none (start-up)	4
House	Small	Introducing an affordable and simple construction technique to Sri Lanka, and bringing work and training to unskilled workers.	Selecting market segment and key partners. Tailoring the house plan and materials to local tastes and resources.	A few, mainly with public agencies	3
Travel	Small, part of a large, well-resourced corporation	Co-developing sustainable tourism services with local people and organizations and marketing them to tourists world-wide.	Finding key partners, starting the development of first services.	Several, mainly with development agencies	6

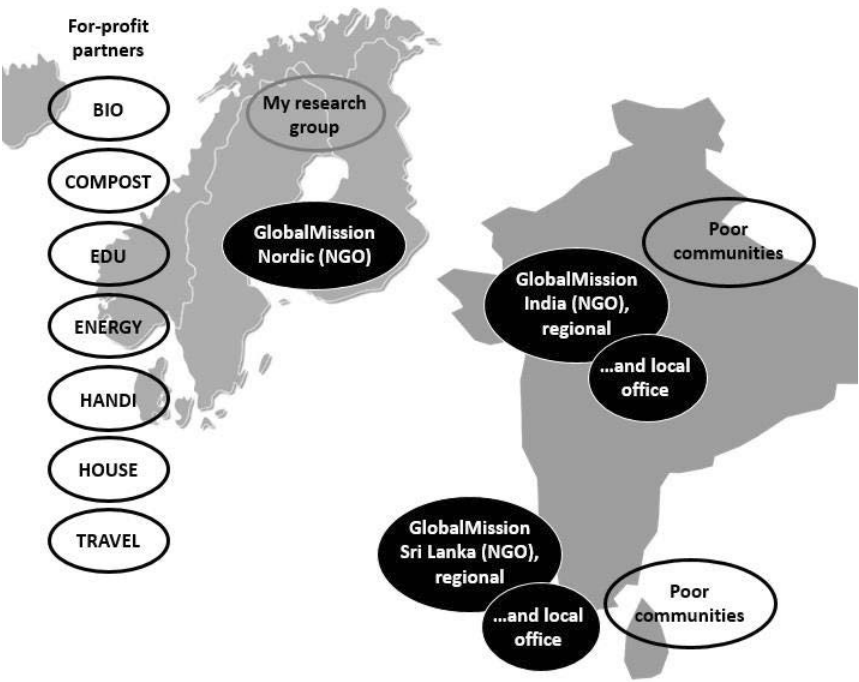


Figure 10. The empirical setting

ners’ limited expertise, imbalanced power relations, sectoral and cultural differences, lack of trust, and confusions about partners’ roles. The Southern NGO representatives, in particular, had less influence on business ideas than intended, due to their limited familiarity with inclusive business thinking, uncertainty of what others expected of them, deference towards the Nordic NGO as their funder, and Nordic partners’ failures to recognize their softly spoken concerns.

In WeBusiness, the partners’ roles were defined in rather general terms. The NGO led the programme, arranged and facilitated meetings and field trips, offered information about the target areas and brainstormed business ideas with the companies. The business consultancy was expected to support business model development and our research group’s brief was to provide academic knowledge about inclusive business development.

GlobalMission is, in several ways, similar to many other NGOs who have taken up inclusive business partnerships, such as Plan international, Care international and UNICEF. It is a large, international development organizations, with offices in over 90 countries. It seeks to focus on the poorest people, following a community development approach, where communities themselves draft development plans and act, while the NGO listens, facilitates, empowers and brings funding (www.worldvision.org). Organizationally, GlobalMission is a network of autonomous associations; the association of each country has its own board of directors, a strategic plan and a budget. Associations in rich countries raise and channel funds to Southern associations, but the latter have considerable leverage in prioritizing their work, as the ideal is to make the priorities in line with the views and needs of local poor communities. Therefore, instead of one NGO partner, the

studied partnerships entailed three of them: GlobalMission Nordic and one regional and one local office in either India or Sri Lanka. GlobalMission India and Sri Lanka have operated for over 50 and 35 years, respectively, and have considerable experience of philanthropic company partners, but no previous experience of participating in inclusive business initiatives.

One of the strengths of GlobalMission in relation to many of its peers is its enduring presence in poor communities. GlobalMission does not run short development projects or manage programmes from national or regional offices, but establishes local offices to each slum or cluster of villages it works with. Each local office has several members of staff and is maintained for 15 years. It is, nevertheless, difficult to assess how close rapport there was between local communities and local NGO representatives in the WeBusiness programme. The challenges in this rapport are widely documented in research: Just like other organizations, many NGOs are bureaucratic, politicised and staffed with local elites (Nyamugasira, 1998). Compared to local community members, NGO staff members are well educated and paid, and they naturally have many convictions and organizational, professional, material and social aspirations of their own (Arora & Romijn, 2009; Watkins & Swidler, 2013).

3.3 Action research

My research in the WeBusiness programme was initiated when GlobalMission Nordic requested the support of our research group for their inclusive business partnerships. We were keen to gain access to rich, real-time empirical material on inclusive business partners' activities, interactions and perceptions. There was also considerable trust between our research group and the NGO, as both my supervisor professor Minna Halme and I had collaborated with them before. Therefore, we decided to engage in action research with the double objective of supporting the partnerships as well as documenting and drawing theoretical lessons from them. Action research attempts to "bring together action and reflection, theory and practice, in participation with others, in the pursuit of practical solutions to issues of pressing concern to people" (Reason and Bradbury, 2001: 1). My sampling strategy (Patton, 2015), as such, had an element of convenience sampling, as I only knew of couple of other partnerships I could probably have gained an access to, but also a strong element of theoretical sampling, as GlobalMission had the interest and considerable capacity for co-creation.

The roots of action research can be traced back to the pragmatism of Dewey and Lewin. For Dewey (1929), knowledge is created and tested through interaction and thus inseparably associated with instrumentality. The term "action research" was coined by Lewin (1946), who implored that "for the practical job of improving intergroup relations [between minorities and majorities], ... [r]esearch that produces nothing but books will not suffice" (35). Action research encompasses a rich variety of approaches that can be positioned on continua from south to north (Brown & Tandon, 1983), political to non-political (Day, Elliott, Somekh, & Winter, 2002), or critical to pragmatic tradition (Johansson & Lindhult, 2008). While

approaches at the south, political or critical end seek to emancipate underprivileged groups, drawing on Freire and Foucault, approaches at the north, non-political or pragmatic end emphasize consensus building and conflict avoidance, working largely in line with the prevailing power relations and the Habermasian ideas of collaborative deliberation.

In this research, I decided to adopt a pragmatic action research approach (Greenwood & Levin, 2007; Johansson & Lindhult, 2008): I supported and contributed to my practitioner-colleagues' attempts to collaborate with diverse actors and develop inclusive business. The choice of a pragmatic approach over more critical action research traditions was not self-evident, as I am passionate about shaking and toppling power relations that keep marginalized communities in the margins. I also have concerns towards inclusive business, as discussed above in the motivations of this research. Nevertheless, in line with the Lewinian thinking that the most thorough understanding of a phenomena often results from trying to change it, I decided to do my best to contribute to a few processes of inclusive business co-creation so that they will empower some poor people. Soon, I developed considerable respect for the reflexivity and capacity of my practitioner-colleagues, and became one of the most active members of the WeBusiness operative team, maintaining an almost daily contact with the practitioner-colleagues.

Different approaches to action research vary in terms of the researchers' roles (Kemmis et al., 2014). The relationships between my research team and other participants were organized so as to encourage joint learning: we were working as members of the operative team and the steering group and doing "with" rather than doing "for" the practitioners (Greenwood & Levin, 2007). This meant that we sought shared decisions with our practitioner-colleagues. For instance, co-creation became the focus of my research when we suggested it and our NGO colleagues enthusiastically endorsed it. Also, the research process was not steered by any scholarly "spiral of steps" (cf. Heron & Reason, 2008; Lewin, 1946) but the actual business development processes (cf. Marshall, 2011), where I – and also the other participants – sought a fruitful balance between planning, acting, observing and reflecting. Such an acceptance of shared decisions with practitioners is becoming increasingly common among action researchers. For example Kemmis, McTaggart and Nixon (2014: 12, 19) note, in the latest version of their classic *Action Research Planner*, that

"we have moved beyond thinking of action research as an approach to research and change which is best represented as a self-reflective spiral of cycles of planning, acting and observing, reflecting and then re-planning. ... This 'self-reflective spiral' over-simplified the process, and, we now think, ... preserved the role of the non-participant researcher as a facilitator of the research process".

In practice, I took part in planning and arranging each step of the WeBusiness programme (see figure 9 above), brainstorming business ideas with the companies, and assessing the progress. I made one five-week field trip to Sri Lanka with the representatives of two companies and benefited from the notes of and discussions with three other members of my research team who participated on other trips. Bearing in mind the importance of ongoing reflection, I often sought to initiate reflective discussions on our progress and ways of working, especially at such

opportune moments as the beginnings and ends of workshop and field trip days. I also documented participants and my own actions, interactions and reflections on an ongoing basis, in detailed notes and supportive video-recordings, voice-recordings and photographs. In the second essay, I describe my role in WeBusiness and practitioners' comments on it in greater detail.

Financially, I and our research group were completely independent of the We-Business programme, its other organizers and the participating companies. My research has been funded by the Finnish Foundation for Economic Education (personal grant) and Tekes – the Finnish Funding Agency for Innovation (Project 1526/31/2012). In return, I needed to make progress on my thesis and send the resulting texts to the Foundation and our project coordinator. The funding has had very limited impact on my research, but one notable influence can be discerned: It introduced me to design thinking, which has influenced both my methodological choices and analysis. Design thinking came up, because our Tekes project funding came from a one-time funding window for agile development projects. Agile development refers to design through rapid, iterative and incremental work cycles, close customer collaboration and interaction within the designer team. The approach is widely utilized among software developers. Writing our project plan and framing our research as an agile development project, I was pushed to read up on agile development and adjacent design approaches.

I believe that action research is a strength of my study, as it gave me access to many sensitive and controversial discussions and allowed me to explore partners' "theories-in-use", not just the "espoused theories" they could express (cf. Argyris, 1993). Rich empirical material from (participant) observation is particularly valued by practice theoretical thinkers like Barley and Kunda (2001: 90), who deplore that "the dearth of data on what people actually do – the skills, knowledge, and practices that comprise their routine work – leaves us with increasingly anachronistic theories and outdated images of work and how it is organized". To gain rich empirical material on what people actually do, scholars need to embrace methodologies that are "strong on descriptive accuracy" (Barley & Kunda, 2001: 84). Interviews are not well suited for the task, as "most work practices are so contextualized that people often cannot articulate how they do what they do" (Barley & Kunda, 2001: 81).

3.4 Analysis

I have analysed my materials systematically, through coding and comparisons between the studied inclusive business partnerships. As the analytical procedures are described in each essay, I will only provide brief summaries here and then turn to discussing the shared methodological and philosophical basis of these procedures.

For my literature review (essay 1), I first analysed relevant BOP articles using in-vivo codes (language used by the authors) and the generic codes of "concept", "antecedent", "process" and "outcome" of co-creation. Realizing that even the definition of co-creation is highly contested in BOP literature, I borrowed codes from development studies (White, 1996) to analyze this contestation.

For the second essay, I and my co-authors chose the sensemaking perspective mid-way our fieldwork when, going back and forth between our early empirical material and previous research, we realized that it illuminates interesting and previously neglected aspects of inclusive business development. Next, we constructed narratives and timelines that summarize our understanding of the development of four inclusive business ideas during the year 2013. Then we identified key sensemaking processes through open coding, and analyzed these processes both with codes drawn from previous research (the codes of “articulation”, “elaboration” and “action” drawn from Stigliani and Ravasi, 2012) and open coding (to identify factors that hindered or facilitated articulation, elaboration and action).

For my third essay, I realized the value of practice approaches during my fieldwork, but chose my exact practice theoretical tradition, the resourcing theory, after fieldwork. My coding was informed by several streams of research: the resourcing theory, which highlights the recursive relation between NGO assets, activities and contributions, informed my descriptive codes on NGO contributions. Previous research on inclusive business partnerships informed the interpretive themes on NGO contributions. Finally, previous cross-sector partnership research informed the interpretive themes on the limits of NGO contributions.

In the second and third essay, my analysis has been influenced by my method of generating the empirical material. During the 2,5 years of action research, I became mentally and emotionally involved with the phenomena, processes, organizations and individuals that I researched. Also, I made notes about my emotional responses. In my analysis, I have sought to utilize those emotions to recognize interesting and novel issues and events, much in line with Whiteman’s (2010) propositions. Whiteman (2010) recounts how she recognized some limitations of the stakeholder theory, when she stopped denying and started analysing the heartbreak she felt when hearing accounts of sexual assaults on Amerindian girls and women by mining and forestry workers, whose impact on the surrounding society she was researching in Guyana. “Heartbreak can help management scholars analytically and emotionally connect with our data, the people we study ... Without it, our scientific accounts may be less rich and potentially misleading”, Whiteman writes (2010: 328; see also the similar conclusions in Van Maanen 2010; Dutton & Morhart, 2010; Mohrman, 2010).

During my research, emotional insights have influenced for example my theoretical choices. One of the moments that encouraged me to explore practice perspectives came at the beginning of my field trip to Sri Lanka, when I heard, saw and felt utter admiration for the skill of the Sri Lankan NGO representative, who arranged a very valuable meeting for us for the very next day with one well-prepared phone call. There clearly was nothing automatic in NGO contacts benefiting companies, it took willingness and considerable skill to get the meeting. Two company representatives also generously voiced their admiration and I experienced a moment of exhilaration – perhaps it was actually possible to achieve something novel together! Similarly, I experienced a moment of illumination when reading Weick, Sutcliffe and Obstfeld’s (2005) words that “[t]o focus on sensemaking is to portray organizing as the experience of being thrown into an ongoing, unknowable, unpredictable streaming of experience in search of answers to the question,

“what’s the story?” Two weeks after my field trip to Sri Lanka, I underlined this sentence, noting “this is EXACTLY the feeling I had most of the time in Lanka” and decided to continue exploring my empirical material from the sensemaking perspective.

Nevertheless, in line with Michailova et al. (2014), I found that systematic, theoretical analysis of my empirical material was difficult when I was mentally and emotionally engaged with my research setting. I was closely aware of my practitioner-colleagues’ interests and tempted to respond to them at the expense of duly recognizing other perspectives. To establish sufficient distance, I utilized many different analysis techniques, continued the analysis for several years, and engaged in numerous discussions with other researchers. While I am still in contact with GlobalMission Nordic, my most intensive empirical phase ended in January 2014. My analysis techniques have included the writing of a 85-page narrative that summarizes the WeBusiness processes, drawing of different types of timelines (see figures 11 and 12 below) and categorizing my findings in several alternative ways. Gradually, I started recognizing novel research questions, perspectives and findings with relevance for both academic discussions and reflective practitioners. The limits of NGO contributions, for example, is a research topic my NGO colleagues were not instantly excited about, but later found useful.

My presentation of findings has been influenced by the conventions of top management journals. Especially in the journals of the Academy of Management, a trend toward a standardized style of presentation can be discerned (Symon, Cassel, & Johnson, 2016). This style draws on the Gioia methodology (Gioia, Corley, & Hamilton, 2013), which recommends open coding; visual representation of the emerging data structure with descriptive codes, more analytical second-order themes and aggregate dimensions; extensive data tables with quotes that offer evidence for the codes; findings sections with “power quotes” (Pratt, 2008), where the second-order themes or aggregate dimensions are discussed one-by-one; and visual representation of the theoretical contribution. As usual, such observing of conventions has also created tensions: the Gioia method is developed to foster qualitative rigor in inductive, positivistic qualitative research (Gioia et al., 2013), while my research has been abductive and builds on practice philosophy. This rhetorical compromise puts me squarely in the company of management scholars with recent papers in the *Journal of Management Studies* or *Academy of Management Journal*, who commonly “mix – that is, draw on multiple – repertoires in the course of one paper. ... The modernist [or positivistic] tradition is clearly the reference point for the other traditions - - [and] authors taking alternative approaches continue to have trouble breaking free from its influence” (Welch, Plakoyiannaki, Piekkari, & Paavilainen-Mäntymäki, 2013: 248, 258).

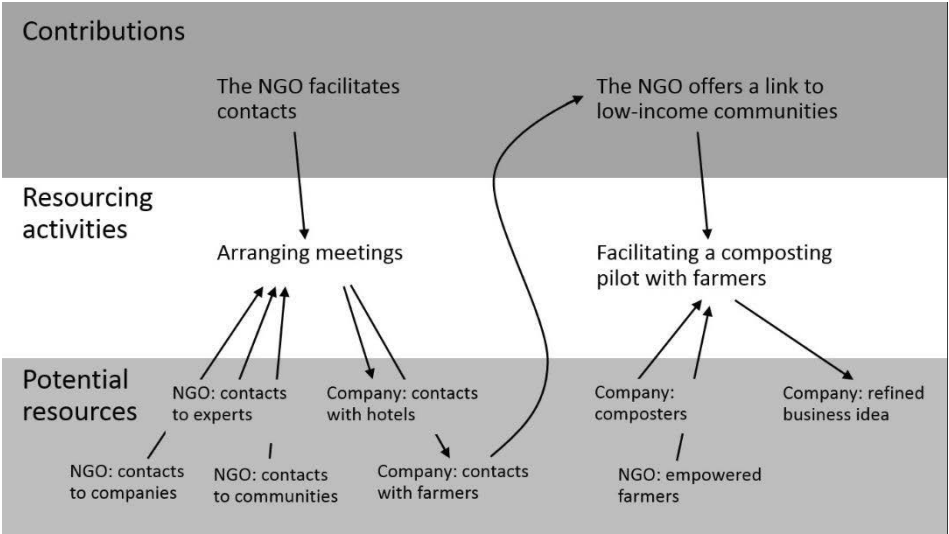


Figure 11. The resourcing of a composting initiative by GlobalMission

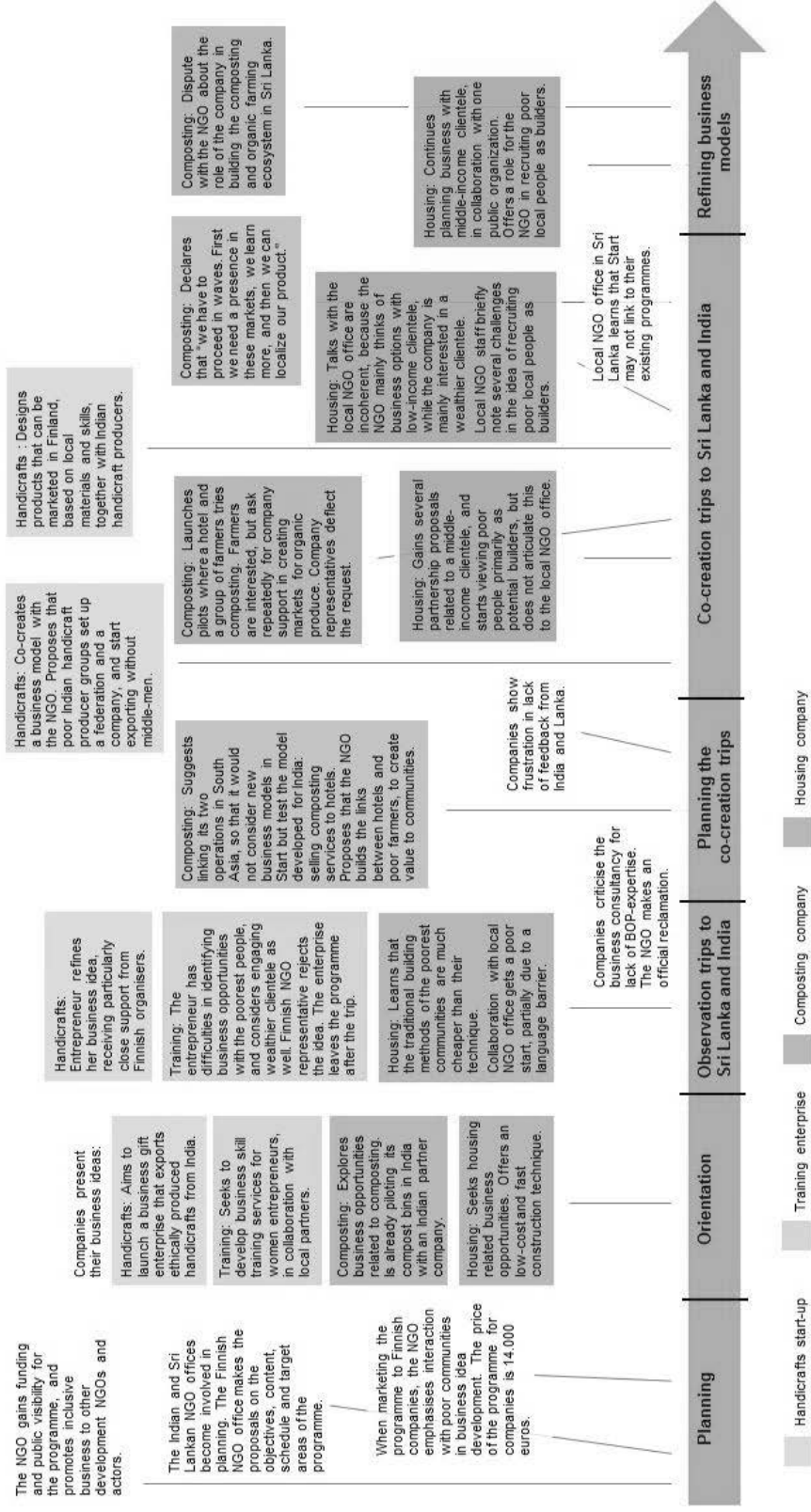


Figure 12. Timeline of WeBusiness partnerships in 2013.

3.5 Quality and limitations

Quality assessment in qualitative research is a contentious issue. While scholars widely recognize that the philosophical commitments of a study and the applied quality criteria must be commensurate (Ravenek & Rugman, 2013), many top management journals continue to privilege positivistic criteria (Symon et al., 2016).

One well-known quality criteria that set out to reflect constructivist assumptions is the trustworthiness criteria by Lincoln and Guba (1985). They called for transparent research procedures and reflection of researcher's own background, to allow audiences to judge how dependable, confirmable, credible and transferable the study is. However, the criteria carried a notable positivistic package. For example, credible interpretations were defined as nonjudgmental and unbiased, contradicting the epistemology of subjectivist scholars, who contend that all knowledge is generated from some perspective, within a particular context and in interaction among participants, including researchers (Ravenek & Rugman, 2013). Since then, separate quality criteria have been designed for many philosophical perspectives including, for example, critical theory (Kincheloe & McLaren, 2002) participatory research (Lincoln & Guba, 2003) and postmodernism (Johnson, Buehring, Cassell, & Symon, 2006). Others have bid farewell to any preset criteria, suggesting that each study should be assessed individually (Seale, 2002; Rolfe, 2006)

Significantly, there is a growing consensus among methodology scholars that quality criteria must recognize the strong concern for societal and ethical outcomes, which many non-positivistic research approaches share (Lincoln & Guba, 2003; Johnson et al., 2006). Critical researchers, for example, are concerned with how effective the research process has been in educating and empowering the participants to interrupt dominant patterns of power (Kincheloe & McLaren, 2002). Thus, criteriology must forsake the positivistic preoccupation with correct research procedures as a quality guarantee. In the words of Guba and Lincoln (1989: 245) "[P]rolonged engagement and persistent observation (or any other *methods* one might choose) do not ensure that stakeholder constructions have been collected and faithfully represented. So reliance on pure or pristine method alone is insufficient to guarantee that the intent of the inquiry effort was achieved".

I will discuss the quality of my work against the criteria put forward by Ravenek and Rudman (2013). Building on the work of such scholars as Tracy (2010) and Whittemore, Chase and Mandle (2001), they acknowledge that researchers with different philosophical perspectives will understand and respond to these criteria differently, but suggest these considerations as relevant for all qualitative researchers.

The first criterion is **social value and significance** (Ravenek & Rudman, 2013: 451). My research joins the fight against pervasive global poverty by generating new knowledge on the inclusive business approach, which is very topical among researchers, corporations, development actors and policy makers. As such, I believe this thesis deals with a "worthy topic" (Tracy, 2010). As my main contribution, I offer in-depth understanding of the concept and limitations of co-creation, showing that the inclusive business approach places excessive expectations

on co-creation as a means in combining poverty reduction and profitability. This is a significant contribution, given the foundational role of co-creation for the feasibility of the whole inclusive business approach.

This research has also had direct relevance for the seven companies and three NGOs I have worked with, supporting their endeavours to develop inclusive business in India or Sri Lanka. They have, for example, started using several concepts I introduced to them and given me frequent positive feedback.

I believe that my findings on the concept and limitations of co-creation can be thought-provoking also for scholars interested in co-creative settings beyond inclusive business. Co-creation amongst diverse partners is increasingly called for in relation to many different problems at global, national and local levels (Clarke & McDonald, 2016; Ritvala, Salmi, & Andersson, 2014). To support readers in making associations between my findings and other settings, this thesis contains many faithful descriptions (Whittemore et al., 2001) – vignettes, examples and also photographs.

Second concern is **coherence of the research approach** (Ravenek & Rudman, 2013: 451), that is whether the research questions, philosophical and theoretical perspective, methodology and empirical materials are aligned, explicated and justified. My practice philosophy, sensemaking and practice theories, literature review approach and action research are well aligned. They make similar assumptions about the nature of social reality: there is no “true” reality but multiple, equally valid views (relativist ontology), and knowledge is always generated from and exists within a particular perspective, so objective knowing is impossible (subjectivist epistemology) (Ravenek & Rudman, 2013). Also, action research yielded empirical material that is well suited for practice-based and sensemaking analysis: Rich documentation of close and real-time observations, interviews and discussions spanning the whole length of the studied processes.

This research approach is appropriate in light of my research questions. Action research is well suited for theorizing little known phenomena, because it entails an abductive process, where a scholar goes back and forth between empirical action and theoretical reflection (Kemmis et al., 2014; Dubois & Gadde, 2002; 2014). The positioning of a research as an ‘insider’ can lead to a better understanding of the tacit knowledge, embodied experiences and controversial aspects of the studied phenomenon (Kleine, 2008). When the studied phenomena is very sensitive, like cross-sectoral and –cultural partnerships imbued with difficulties, power struggles, disputes and failures, it can be particularly useful that the researchers participation bears immediate benefits to the practitioners. During my research, I often sensed that some of my practitioner colleagues were slightly uneasy with my note-taking, and utilized the next natural opportunity to mention some practical input I was concurrently making.

Third criterion is **thoroughness of data collection and interpretation** (Ravenek & Rudman, 2013: 451). In my literature review, I followed a systematic procedure to identify and analyse all relevant peer-reviewed BOP articles published before April 2016. In this procedure, one choice that favoured thoroughness was that I considered all articles with the “base/bottom of the pyramid” keyword *anywhere* in the article, not just in abstracts. Another choice that reduced

thoroughness, however, was that I limited my systematic selection of materials to journal articles. While I did draw on several books (e.g. Cooke & Kothari, 2001; Crane & Seitanidi, 2013; Ramaswamy & Gouillart, 2010), I did miss some relevant books (e.g. Van Tulder, Verbeke, & Strange, 2014; Cañeque & Hart, 2015). Nevertheless, the review is wide as it is (covers 196 articles) and the exclusion of books is common in systematic literature reviews (cf. e.g. Drost, 2013; Kolk et al., 2014; Laasonen, Fougere & Kourula, 2012).

For my second and third essays, I chose the action research methodology in order to gain a good access to relevant empirical material. Given that action research is a very underutilized methodology in international business research, this can be considered a creative methodological choice (Whittemore et al., 2001). My efforts of generating relevant empirical material have also been extensive: I was closely engaged in the field for two-and-half years. The most intensive period, when I maintained almost daily contact with my practitioner-colleagues, lasted for fifteen months. This lengthy engagement allowed me to participate in and document seven NGO-company partnerships, making it possible to compare and contrast the partnerships. I utilized several methods including participant observation, observation, formal and informal interviews, systematic collection of related documents like operational plans and meeting minutes, seeking to document participants' inclusive business endeavours as thoroughly as possible.

In interpreting the material, the greatest strength of this research is my ongoing dialogue with the practitioner-colleagues, which has helped me to remain true to the meanings ascribed by them and to constantly elaborate on my findings. This dialogue has been particularly lively with two company representatives, who repeatedly sought my support or confidential advice in developing their business ideas or NGO relationships, and two NGO representatives.

I have also engaged in systematic coding, as described above. In my second essay, the interpretations are a result of intensive discussions and friendly debating with the second author. In these discussions, our different backgrounds – my previous experience lies in development studies and practice, hers in business research – enriched our interpretations considerably. Also, the third author joined that research basically to raise the quality of interpretation – she asked tough questions about our assumptions, methodology, findings and contributions (Creswell & Miller 2000). My first and third essays have passed a peer review process at respectable journals, the *Organization and Environment* and *Business Strategy and Development*. The second essay has benefited from comments at major international conferences (AoM 2015; EGOS 2014).

Fourth consideration is **transparency and reflexivity** (Ravenek & Rudman, 2013: 451). In each essay I have sought to clearly describe how I conducted the research and also reflect on my contributions to the inclusive business processes I study (see particularly pages xxx-xxx and xxx-xxx). I also strive to be transparent about my assumptions and motivations, as I believe that such background inevitably influences one's observations and interpretations. My academic background is in development studies, so I share many development scholars' concerns outlined in introduction (section 1.3). However, my practical participation in We-Business was intense, so I naturally hope our efforts will bear some fruit. I have

previously worked for development NGOs, so I sympathize with GlobalMission representatives, but on the five-week field trip to Sri Lanka I ended up mainly supporting and mentally siding with the company representatives.

Fifth criterion is **ethics** and the key question, according to Ravenek and Rudman (2013: 451), is whether the author has demonstrated responsibility for the well-being of the participants throughout the research process. At least three interrelated considerations are relevant here: reciprocity, voice and sharing (cf. Lincoln, 1995). Reciprocity has been strong in my research, as my relationship with the practitioner-colleagues has been very reciprocal. My presence has affected the practitioners' activities in several minor ways, but I have not imposed any action research cycle or even academic interviews on them. Rather, I have designed my research to support the inclusive business activities. Further, to avoid inhibiting naturally occurring interaction, I did not record all discussions but took extensive notes during or immediately after discussions.

The question of voice – are alternative voices heard in my analysis and findings – challenges my research more. While I take epistemological equality seriously and find practical and experiential knowledge as important as propositional knowledge (cf. Heron & Reason, 2008), the short field trips only offered me limited knowledge about the perceptions of the engaged poor producers and consumers. I met producer and consumer groups only in the workshops where they participated in co-creating the inclusive business ideas. Further, they spoke in local languages and translations into English were given by local NGO representatives, who were excellent translators but often gave somewhat abridged translations. My previous academic and professional experience in development studies and developing countries did support me, and I made considerable efforts to familiarize myself with the societal, economic and historical context of the Sri Lankan town and Indian slum where most of the researched inclusive business pilots took place. Nevertheless, I have judged it necessary to mainly focus my research on the actions of and interactions between the companies and the WeBusiness organizers (NGOs, consultants and our research group).

The third ethical question is whether research findings have been shared with the participants. As mentioned above, in relation to the interpretation of data, I have presented my analysis to my practitioner-colleagues in an ongoing fashion throughout my research. Still in 2016, GlobalMission Nordic twice invited me to present and discuss my findings in their internal meetings, to support their evaluations and work planning. Their feedback to me has always been appreciative. For example, during the last discussion one development expert said “Thank you Tytti for the critical observations [you have voiced] throughout these years, they really are valuable.”

I consider the above-mentioned inability to place poor communities' viewpoints center stage as the greatest **limitation** of my research. Other limitations are discussed in my essays. The first essay reviews the state of knowledge on inclusive business co-creation at the BOP, considering BOP articles published between 2002 and March 2016 and drawing on development studies. Yet the findings could have been further enriched by also reviewing relevant book chapters and

drawing on studies of participatory design and transformative cross-sector partnerships, which are highly relevant for the topic. For my second and third essay, I have studied particular constellations of partners, where the NGOs were large and most companies small, all partners were committed to co-creative interaction and all sought to combine profitability and poverty reduction. Where partners' relations or commitment are different, collective sensemaking processes could also be different. Where one partner is more dominant, for example, there may be less contestation on the temporal orientation, less elaboration, faster pace and less coherent understandings. Further, my empirical data covers seven partnerships over two and half years, but still illustrates the early phases of inclusive business initiatives. Studies of the co-creative running of inclusive business could reveal further NGO contributions and limitations.

4. Summary of the essays

As outlined above, my research has been driven by the following research questions: What does co-creation of inclusive business entail in low-income contexts? How feasible is it? In my three essays, I answer these research questions from three different perspectives:

1. My first essay, a systematic literature review, maps the diverse conceptualizations of co-creation in previous BOP research and discusses the feasibility and necessity of different types of co-creation for inclusive business.
2. My second essay proposes that co-creation entails collective sensemaking in a diverse group and analyses the hurdles and facilitators of such sensemaking.
3. My third essay zooms into NGOs as contributors to inclusive business co-creation, showing what such contributing entails in practice and what limits these contributions.

4.1 Essay 1: Literature review

Tytti Nahi: Cocreation at the Base of the Pyramid: Reviewing and organizing the diverse conceptualizations, *Organization & Environment*, 29, 4 (Dec 2016): 416-437

In the first essay, I undertake a systematic review of the treatment of co-creation in BOP literature. I find that BOP scholars see co-creation as interaction that integrates different partners' knowledge and capabilities (e.g. London, 2008; Murphy et al., 2012; Simanis et al., 2008), in line with many scholars of business strategy, marketing and innovation (e.g. Hoyer, et al., 2010; Payne et al., 2008). However, BOP scholars have a whole range of views on the appropriate participants and purpose of co-creation. While some would rely on company staff (e.g. Berger, Choi, & Kim, 2011), others, in the other extreme, would gather a wide group of stakeholders including low-income communities. Also, while some consider it co-creation when a partnership offers legitimacy on a company (e.g. Chikweche & Fletcher, 2012), others see co-creation as deep process of empowerment (e.g. Ansari, Munir, & Gregg, 2012; Sridharan & Viswanathan, 2008), echoing other co-creation research in the pursuit of equality (e.g., Potts et al., 2008; Prahalad & Ramaswamy, 2004). Relatedly, BOP scholars attach different purposes to co-creation: boosting corporate legitimacy, efficiency or sustainability, or empowering poor communities.

The article contributes to BOP literature by developing a framework that organizes these diverse conceptualizations (see figure 13). The framework draws on development studies where a related discussion on poor people’s participation started in the 1970s, and particularly on typologies that conceptualize participation into more “efficiency seeking” and more “transformative” types (Cooke & Kothari, 2001; White, 1996). I also offer a definition of wide and deep cocreation at the BOP as *iterative interaction that empowers poor communities and integrates their knowledge and capabilities with those of a company and other actors throughout the process of planning and realizing novel business models and eco-systems*.



Figure 13. Different conceptualizations of cocreation in inclusive business literature.

The organizing framework facilitates nuanced discussion on whether co-creation at the BOP is necessary (e.g. Kolk et al., 2014) or even feasible (e.g. Arora & Romijn, 2012; Blowfield & Dolan, 2014). Research shows that corporate legitimacy and efficiency can be boosted through focused co-creation in many industries and product groups (e.g. Chakma, Masum, Perampaladas, Heys, & Singer, 2010), and even sustainability can sometimes be achieved through co-creation between a couple of competent business partners (Seelos & Mair, 2007). Nevertheless, given that poverty is a multidimensional problem rooted in poor people’s low voice, agency and opportunities (Sen, 1989), deep and wide empowerment-seeking co-creation is crucial for poverty alleviation.

Regarding feasibility, literature suggests that the challenges and depth of co-creation grow hand in hand. Legitimacy seeking co-creation is mainly bound by time: it takes time before a new player is integrated in the tight social networks in low-income contexts (Weidner et al., 2010). Co-creation of business models faces more hurdles: partners’ different dominant logics (Murphy et al., 2012), practices (Kowalkowski et al., 2012), and types of knowledge (Agrawal, 1995; Gardetti, 2005) limit the integration of their knowledge and capabilities. Co-creation of sustainable solutions is further bound by difficulties in engaging all the relevant

groups of people (Arora & Romijn, 2009; Mayoux, 1995; Blowfield & Frynas, 2005). Empowerment-seeking co-creation is particularly challenging, because it requires companies to share decision-making power with communities. Such a stride toward equality takes exceptional mind-sets (Calton et al., 2013; Murphy & Arenas, 2010; Simanis et al., 2008), and a decentralized corporation (McFalls, 2007; Sridharan & Viswanathan, 2008). A few BOP studies report successes in relinquishing a degree of operational control (Ramachandran et al., 2012; Reficco & Márquez, 2012; P. Sánchez & Ricart, 2010), while others note that significant inequalities tend to persist (Arora & Romijn, 2012; Schwittay, 2009).

The essay contributes to the overall thesis by reviewing and discussing previous research on what co-creation of inclusive business entails and how feasible it is in low-income contexts.

4.2 Essay 2: Sensemaking perspective to co-creation

Tytti Nahi, Minna Halme, Sarah L. Jack: Collective sensemaking in multi-sector groups: The co-creation of inclusive business for poverty alleviation. Presented at the *Annual Meeting of the Academy of Management* in 2015 and *European Group on Organization Studies Colloquium* in 2014.

The second essay shows that co-creation hinges on collective sensemaking (Stigliani & Ravasi, 2012; Weick et al., 2005) among partners from multiple organisations, sectors and cultures (hereafter: diverse groups), and explores the process, hurdles and facilitators of such sensemaking. The study draws on our action research in the WeBusiness initiative, which was initially guided by a broad aim to understand collaboration between inclusive business partners. During our preliminary analysis, we were struck by the intensity of partners' collective sense-making processes and the usefulness of the sensemaking perspective in illuminating interesting aspects of the collaboration. Previous research has, to our knowledge, not established this link between co-creation and collective sensemaking. Further, our literature review reveals that most sensemaking studies have thus far focused on single organization settings and collective sensemaking in diverse groups has received very little research attention (see Nagar, 2012 and Reinecke & Ansari, 2015 for rare exceptions).

The findings of the essay, visualized in figure 14, present three critical issues that inclusive business partners' collective sensemaking revolves around: What kind of business models fit BOP? The pace of business development? and Who is in the driver's seat? While the first two issues engage with previous BOP research on business models (Andersson & Markides, 2007; Sánchez & Ricart, 2010; Seelos & Mair 2007) and pace of business development (Halme, Lindeman, & Linna, 2012; London & Anupindi, 2012; Olsen & Boxenbaum, 2009), the third issue has received little previous attention. One of the related questions was the role of Southern NGOs in shaping the business models, which was smaller than intended, due to their limited familiarity with inclusive business thinking, uncertainty of what others expected of them, deference towards the Nordic NGO as their funder, and Nordic partners' failures to recognize their softly spoken concerns.

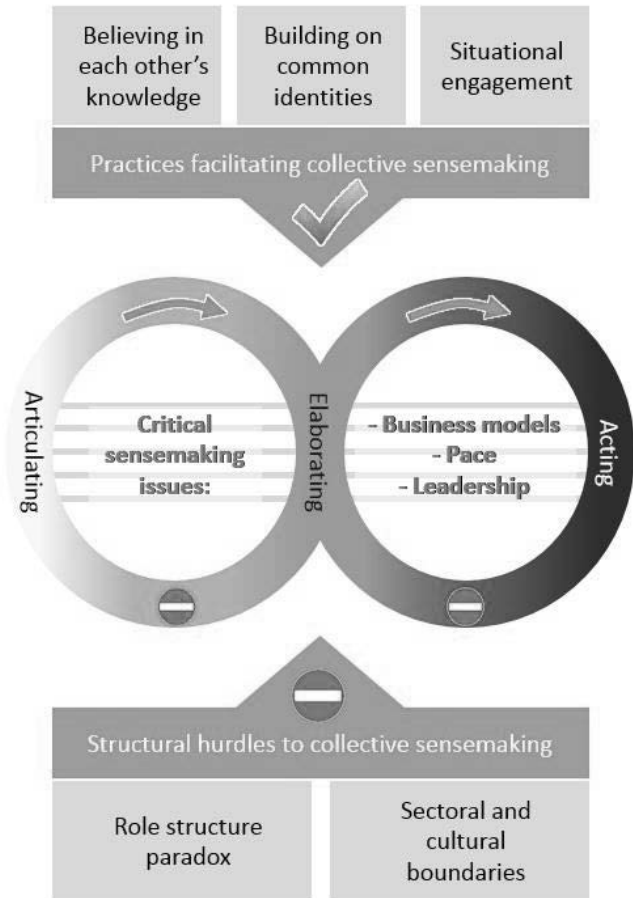


Figure 14. The model of collective sensemaking in diverse groups

Also, scrutinizing partners’ sensemaking on these critical issues, and going back and forth between our analysis and previous sensemaking literature, we found that diversity among participants influences collective sensemaking in several ways. Firstly, the *elaboration phase* is exceptionally important, as diverse partners are likely to notice and interpret their surroundings very differently. This phase has received limited research attention (Maitlis & Sonenshein, 2010; Sandberg & Tsoukas, 2015) and could build on the insights of Yanow and Tsoukas (2009), who theorize how individuals respond to different levels of surprise, as well as Stigliani and Ravasi (2012), who highlight how material practices like sketching can help individuals consolidate one shared “story”. Secondly, such sensemaking processes are often *slow*, because sectoral and cultural differences cause hesitation, irritation and role uncertainties, make communication arduous, and render misunderstandings common. Hence, future sensemaking research could benefit from cross-pollination with research on timeflow (Fine, 1990; Woerman & Rokka, 2015) and temporality in organizations (Saunders, Van Slyke, & Vogel, 2004; Gherardi & Strati, 1988) and cultures (Evans-Pritchard, 1940; Hay

& Usunier, 1993), and explore means to alleviate related discomfort and frustration (c.f. Ballard & Seibold, 2003; Pérez-Nordtvedt, Payne, Short, & Kedia, 2008). Thirdly, engaging with the long discussion on the possibility and necessity for sensemaking partners to construct shared understandings (Maitlis & Christianson, 2014), I propose that collaborative action does not require shared or even congruent (defined by Collins English Dictionary as corresponding and agreeing) but merely *coherent understandings* (consistent, with a constant difference). Indeed, it is the gist of co-creation that partners do not forsake their different perspectives and visions, but value and take advantage of these differences. Fourthly, the study shows how diverse partners' *temporal orientations* can diverge – future time perspectives can be 'nearer' or more 'distant', so important events are expected at different times (Ballard & Seibold, 2003; Lee & Liebenau, 1999), and some live on planning time with pre-set milestones, others on developmental time where "things will take as long as they need to take" (Dubinskas, 1988). Hence, the temporal orientation of collective sensemaking in diverse groups is a field of contestation.

Very relevantly for the main research questions of this thesis, the essay also scrutinizes the factors influencing the feasibility of collective sensemaking in co-creation. We find that collective sensemaking in diverse groups is hindered by multiple boundaries, including sectoral and cultural ones, as well as a role structure paradox. Paradoxically, while *clear and predictable roles* help partners to articulate and elaborate actively, *flexible roles* are necessary for diverse partners to reach coherent understandings. The flexibility is particularly important in co-creative partnerships that aim to bring forth ground-breaking solutions to complex problems. Nevertheless, three practices facilitate collective sensemaking in diverse groups: *building on common identities* helps individuals relate to each other across boundaries, while *believing in each other's knowledge* and *situational engaging* spur efforts to discover and utilize partners' knowledge one nugget at the time.

4.3 Essay 3: Bounds of NGO contributions

Tytti Nahi: Co-creation for sustainable development: The bounds of NGO contributions to inclusive business. Accepted for publication in *Business Strategy and Development*.

The third essay zooms into NGO activities and contributions in the co-creation of inclusive business. Such close analysis is important, because the inclusive business approach places high hopes on partnerships, but has seldom delved into partners motivations, activities and interactions closely enough to discuss how realistic the expectations are in practice. While several studies have found that NGOs can bring valuable knowledge, capabilities, contacts and legitimacy to inclusive business (e.g. Dahan et al., 2010; Hahn & Gold, 2014; Webb et al, 2010), research has yet to discuss *how* these contributions are made or *which factors bound* these contributions. Indeed, most of the related studies are based on very limited secondary or interview data.

The study draws on the rich material that I generated through action research in the WeBusiness initiative. Theoretically I adopt a practice perspective to resources, which highlights the activities and skills needed to draw on potential resources (Feldman, 2004; Feldman & Orlikowski, 2011).

This paper shows that NGO representatives make valuable contributions to co-creation by skilfully drawing on and adapting the practices and assets developed in earlier development cooperation work, while companies utilize the enacted resources. This suggests that inclusive business scholarship could gain from a greater familiarity with development cooperation (rather than dismissing it, as do e.g. Schuster & Holtbrügge 2012; Vurro et al., 2011). Also, I identify one previously neglected NGO contribution: Empowerment of poor producers and entrepreneurs. This is a valuable contribution, because partnerships can only fulfil their potential in solving wicked global problems, if the core competences of each partner are recognized and utilized (Austin, 2010).

However, NGO contributions are constantly bounded by limited experience, unequal power relations, sectoral and cultural differences, and limited trust. For example, having little business experience, the studied NGOs constantly underestimated the relevance of their knowledge on the target areas and inclusive initiatives. Also, the position of the NGOs was somewhat servile: Companies seldom embraced critical observations and it was important for the NGOs to show positive outcomes – at least continued partnerships – to their funders, communities, officials, peers and the media. NGO contributions were also bound by partners' different objectives, vocabularies and temporal perspectives. Temporally, partners worked within different domains – companies within developmental and NGOs within planning time (cf. Dubinskas, 1988) – and with different future time perspectives – company representatives were used to sooner developments (cf. Ballard & Seibold, 2003). Cultural differences caused continual tension and significant misunderstandings. Due to a lack of trust in partner's competence or intentions, the NGOs effectively stopped brainstorming with one company and another company withheld most of its business model from the NGOs. Consequently, in the studied partnerships, NGO contributions were significant but often smaller than either the companies or the NGOs themselves foresaw.

This discussion is novel and important, if we are to develop an empirically-grounded understanding of the potential and limitations of co-creation in inclusive business contexts. Inclusive business research has given very scant attention to how differences of power (Arora & Romijn, 2012; Chatterjee, 2014), culture or sector shape partnerships. Even trust, a central theme in cross-sector partnership research, has only been discussed in inclusive business research on a very abstract level, as a crucial but elusive resource (Dahan et al., 2010) and governance mechanism (Kolk et al., 2008; Rivera-Santos et al., 2012).

The essay contributes to the overall thesis by scrutinizing how NGOs participate in co-creation and the factors bounding this participation from the practice perspective. It argues that the inclusive business approach may place excessive expectations on NGO partnerships as a means in combining poverty reduction and profitability

5. Contributions

I will first summarize the answer to my research questions, then discuss my scholarly contributions to inclusive business, sensemaking, cross-sector partnership and international business literatures, and finally explore some practical implications to companies, NGOs and policy makers.

5.1 Answering the research questions: What does co-creation entail? What limitations and hurdles need to be overcome?

As presented above, this research has been driven by two research questions: What does co-creation of inclusive business entail in low-income contexts? What limitations and hurdles need to be overcome for co-creation to succeed as a means of marrying profit making with poverty reduction?

My answer to the **first question** has three elements. First, in my systematic review of previous BOP literature (essay 1), I notice that co-creation takes on fundamentally different meanings to scholars with different priorities, and argue that *deep co-creation with poor communities is not always necessary to bring affordable and necessary products and services to the poor, but it is crucial for inclusive business to address the roots causes of poverty*. I define such deep and wide co-creation as “iterative interaction that empowers poor communities and integrates their knowledge and capabilities with those of a company and other actors throughout the process of planning and realizing novel business models and ecosystems”. Overall, I define co-creation in the context of inclusive business in low-income countries as “enduring and iterative interaction where diverse actors integrate their knowledge and capabilities to create business models and ecosystems that engage low-income entrepreneurs, producers, employees or consumers”.

Second, I highlight that *co-creation entails a continuous process of collective sensemaking* (essay 2). Collective sensemaking refers to the recursive process where individuals notice new pieces of information, form and articulate emergent understandings of what these pieces are and mean, and elaborate with their partners, in order that understandings converge and collaboration is sustained. In BOP contexts, I argue, for this process to succeed, partners need to believe in each other's knowledge, engage closely and attentively, and build on common social identities.

Third, *successful co-creation in low-income contexts requires active and skilled resourcing* by the individuals representing the diverse partner organizations (essay 3). Resourcing refers to partnering individuals' activities of drawing on and adapting their own and organizational knowledge, networks, legitimacy and other

potential resources, as well as the activities of utilizing the resources their partners have enacted.

My answer to the **second research question** has two elements. Firstly, my systematic analysis of previous literature suggests that the *challenges and depth of co-creation rise hand in hand*. Co-creation can build corporate legitimacy, but co-creation of business models faces more hurdles: Partners' different dominant logics, practices and types of knowledge limit the integration of their knowledge and capabilities. Co-creation of sustainable solutions is further bound by difficulties in engaging all the relevant groups of people. Empowerment-seeking co-creation is hindered by companies' limited willingness and ability to share decision-making power with communities. The literature includes very few studies where companies are shown to relinquish some degree of operational control to their partners (Ramachandran et al., 2012; Reficco & Márquez, 2012; Sánchez & Ricart, 2010).

Secondly, my essays 2 and 3 *zoom in on six types of hurdles* that need to be overcome for co-creation to succeed as a means of marrying profit making with poverty reduction: (1) role structure paradox, (2) unequal power relations, (3) limitations in partners' expertise, (4) sectoral differences, (5) cultural differences, and (6) limited mutual trust. The paradox is that clear and predictable roles help partners to articulate and elaborate actively – but flexible roles are necessary for diverse partners to reach coherent understandings and bring forth the novel solutions they aim for. In the studied cases these six factors limited, for example, NGO comments on the emerging business ideas: the NGO representatives were uncertain of their role, under pressure to please the company representatives, could not fulfill all expectations, found many ideas irrelevant to their mission, and were often misunderstood or distrusted. While expertise and trust may build up over time, most of these structural and relational hurdles are unrelenting.

In sum, previous research and my cases offer limited empirical support for a proposition that co-creation between foreign companies and diverse partners could, in practice, marry profit making with poverty reduction. In the context of inclusive business, it is particularly difficult to reach co-creation that empowers poor communities. Less transformational co-creation that brings affordable commodities to poor people – or merely legitimizes the company as a development actor – may be more feasible.

5.2 Problematising co-creation as a means of marrying profitability and poverty reduction

Considering that co-creation is elemental for the inclusive business approach but very few previous studies focus on co-creation in the context of inclusive business, this thesis makes several significant contributions to inclusive business research. I present an organizing framework to map the fragmented conceptualizations of co-creation in previous inclusive business studies, offer new definitions of two types of co-creation; theorize co-creation through sensemaking and practice lenses; and identify one previously ignored benefit, three facilitating practices and some key hurdles to co-creation.

The organizing framework (in essay 1) identifies two dimensions that set inclusive business co-creation apart from co-creation in other contexts: the purpose and the participants. While other business research mainly looks at co-creation between companies and consumers/customers as a path to corporate competitiveness, inclusive business co-creation may seek corporate legitimacy, business efficiency, sustainability or community empowerment, and engage just company staff, business partners, non-business partners or also some marginalized communities. These dimensions are also the key sources of contention among inclusive business scholars – some define co-creation as a deep process of social transformation while, at the other extreme, others make little difference between co-creation and subcontracting. The organizing framework encourages BOP authors to define more accurately what they imply by co-creation and thereby furthers the accumulation of knowledge.

Building on the first essay, I propose (in essays 2 and 3) **a new definition** of co-creation in the context of inclusive business as “enduring and iterative interaction where diverse actors integrate their knowledge and capabilities to generate novel solutions that none of them could imagine or create on their own”. This quadripartite definition leaves space for different emphases on the purpose and participants of co-creation. It does, however, suggest that co-creation requires more than one-off meetings (enduring), or subcontracting of individual activities like distribution or marketing (knowledge integration). Further, referring to diverse actors, this definition suggests that co-creation entails the inclusion of non-business partners.

As a complement, I also offer (in essay 1) **a novel definition** of wide and deep inclusive business co-creation as “enduring and iterative interaction that empowers poor communities and integrates their knowledge and capabilities with those of a company and other actors throughout the planning and realizing of novel business models and ecosystems”. This definition specifies empowerment as the purpose and poor communities as a crucial participant in co-creation. Further, with this definition, I argue that the debate on whether the BOP is best viewed as consumers or also, primarily or only as producers (Hammond & Prahalad, 2004; Karnani, 2007; London, Anupindi, & Sheth, 2010), is missing the most significant question: to what extent and how are inclusive business initiatives engaging the BOP as innovators, that is not only in realizing but also in planning novel business models and ecosystems.

This thesis highlights that inclusive business co-creation **hinges on collective sensemaking** (essay 2) **and resourcing** (essay 3) among the diverse partners. These entail an ongoing social process where partners search for coherent understandings, and ongoing activities where partners enact and adapt their own and organizational resources, and utilize resources enacted by others. These conceptualizations are unique: in my systematic review of the BOP literature, I found 196 articles relevant for the study of co-creation, but none of them take an in-depth look at co-creation. Business scholars have conceptualized co-creation processes in diverse ways, drafting models and frameworks of stimulators and outcomes (Hilton et al., 2012; Payne et al., 2008; Mahr et al., 2014), developing co-creation

tools (Mattelmäki et al., 2011; Sanders & Stappers, 2008), and identifying different ‘modes’ and ‘mechanisms’ (Romero & Molina, 2011; Saarijärvi, 2012). My research emphasizes the social and practice-related fundamentals of co-creation.

My practice-based analysis (essay 3) has highlighted one previously neglected **resource** that NGOs can bring to co-creation: empowered low-income partners. It is very common for development NGOs to encourage poor producers, entrepreneurs and consumers in forming self-help groups and building their confidence and agency – which also prepares them for dialogue with companies. This is a significant finding, because partnerships can only fulfil their potential in solving wicked global problems, if the core competences of each partner are recognized and utilized (Austin, 2010). It is also a surprising finding, given that NGO contributions have been explored in numerous BOP studies from Wheeler et al. (2005) till Gutiérrez, Márquez and Reficco (2016). I suggest this NGO contribution has escaped attention, because BOP research is dominated by the company perspective (Kolk et al., 2014) and empirically limited studies: NGO contributions have mainly been studied through company interviews, websites and secondary materials, which only give partial views of NGO assets and practices.

Further, I have identified (essay 2) three **facilitating practices** that inclusive business partners can adopt to foster co-creation: building on common social identities, believing in each other’s knowledge and situational engaging. With this contribution, I problematize the previous suggestions that favourable mindsets (Weidner, Rosa, & Viswanathan, 2010), “deep listening and mutual dialogue” (an oft-used expression coined by Hart, 2005) suffice for inclusive business partners to integrate their knowledge.

Last but not least, this thesis shows how inclusive business co-creation is **hindered by** unequal power relations, sectoral differences, cultural differences, paradoxical role structure, limitations in partners’ expertise, and limitations in mutual trust. Among these hurdles, the role structure paradox is a novel finding (in essay 2). It is paradoxical that clear and predictable roles help partners to articulate and elaborate actively – but flexible roles are necessary for diverse partners to reach coherent understandings and bring forth the novel solutions they aim for. This is a logical paradox – sound arguments yield two propositions that, taken together, seem incompatible (Poole & Van de Ven, 1989). Previous research has not explicated this paradox, but sensemaking research indeed calls for clear roles (Weick, 1993; 1995), while BOP and cross-sector partnership research for very flexible ones (Holmes & Smart, 2009; Le Ber & Branzei, 2010; Seitanidi, 2008; Simanis & Hart, 2008). Paradox research underlines that explicating such paradoxes is valuable, because it often eases practitioners’ anxiety and defences (Lewis, 2000; Smith & Lewis, 2011), spurs creative responses (Smith & Tushman, 2005) and boosts organizational performance (Murnighan & Conlon, 1991; Cameron & Lavine, 2006; Tushman, Smith, Wood, Westerman, & O’Reilly, 2010) – in this case the performance of the co-creative partnership.

While limited expertise and trust may recede as partners gain experience in inclusive business and collaboration (c.f. Murphy et al., 2015; Reast et al., 2010), the other hurdles are likely to persist. This finding is a sobering antidote to the

many conceptual or empirically limited studies that celebrate the potential of inclusive business co-creation between companies and NGOs. As invaluable as such co-creation could be, my research questions its feasibility.

In sum, my work problematizes the notion that co-creation can, in practice, marry empowerment and profit making in inclusive business initiatives in low-income contexts. On the basis of my systematic review of previous BOP articles and my seven in-depth case studies, I argue that such a marriage would require enduring, deep co-creation between companies and low-income communities, which is difficult to achieve, even with the support of capable NGO partners. Inclusive business co-creation is a noble strategic intent but till today, there is limited empirical evidence of how realizable this strategy is.

These contributions to inclusive business research also have relevance to studies of co-creation in other contexts. Collaboration amongst diverse partners – business, public actors, civil society organizations, educational institutions, and others – is an increasingly common approach for developing systemic solutions to pressing global problems (Van Tulder et al., 2016).

Future research on inclusive business would benefit from stronger microfoundations, research approaches that are “strong on descriptive accuracy” (Barley & Kunda, 2001: 84), and cross-fertilization with related fields of research.

The **microfoundations** of this research field are not yet well developed. To a large extent, inclusive business remains a macro- and meso-level literature that discusses the business potential and societal value of different business models and multi-sector collaboration, as well as the capabilities and mindsets required at the firm level. My research shows how an analysis of individuals and practices can enrich discussions on, for instance, how and to what extent low-income communities are heard in inclusive business partnerships. This is an important question that has aroused conceptual discussion (Arora & Romijn, 2012; Kolk et al., 2014) but little empirical scrutiny. Also, greater attention to the microfoundations is needed to understand how value is created and captured in inclusive business initiatives (cf. Van Tulder et al, 2016; Kolk, Vock, & Dolen, 2016).

Second, inclusive business research is sorely in need of research that is “strong on descriptive accuracy”. Akin to the fathers of this depiction, Stephen R. Barley and Gideon Kunda (2001: 84), who deplored the insufficient grounding of organization theories in close studies of work, I see that “scholars cannot develop ... theories of phenomena that they cannot describe”. Close field studies of inclusive business initiatives and partnerships are needed to develop a better understanding of partners interactions, motivations and perceptions as well as the potential and limitations of such initiatives. Field studies are crucial, because people typically cannot accurately describe the specifics of what they do outside of the context of actually doing it (Barley & Kunda, 2011: 84). Suitable methodologies include ethnography, participant observation and action research. Suitable theoretical perspectives include practice and sensemaking perspectives.

Finally, I join scholars who call for more **cross-fertilization** between inclusive business and other literatures (c.f. Hansen & Schaumburg-müller, 2010; Kolk et al., 2014). In particular, this thesis highlights that future research on inclusive business has a lot to gain from development studies research on multiple dimen-

sions of poverty, different types of participation and several other issues (see literature review on development research in section 2.3) and research on transformative cross-sector social partnerships (see section 2.4). The individual essays in part II of this thesis offer more detailed recommendations on topical research questions.

5.3 Expanding collective sensemaking research to diverse groups

As the main theoretical contribution, my thesis (essay 2) offers new insights to the sensemaking perspective. Through our engagement in inclusive business development, me and my co-authors came to realize that co-creation hinges on collective sensemaking. Collective sensemaking has been modelled as a recursive process of noticing, articulating, elaborating and acting (Stigliani & Ravasi, 2012; Weick et al., 2005). To co-create novel solutions, individuals have to *notice* the knowhow and perspectives offered by their diverse partners, *articulate* and *elaborate* on emerging ideas to establish coherent understandings with their partners, and *act* on these understandings. Yet, as we delved into the sensemaking literature, we realized that strikingly little is known about collective sensemaking in diverse groups. Rare studies of such sensemaking have looked at contract negotiation (Reinecke & Ansari, 2015) and interpretation of rules among peers (Nagar, 2012) and mainly utilized rather than contributed to sensemaking theory.

Thereby, my research makes a novel contribution by exploring how diversity among participants influences collective sensemaking: it renders the elaboration phase of collective sensemaking more important, the pace slower, shared understandings unlikelier, facilitating practices different, and temporal orientations multiple. Each of these **five aspects** warrants further research and above (in section 2.4) I have drawn attention to significant under-researched questions and under-utilized studies that could enrich future analysis. Nevertheless, I will here focus on the temporal orientation of collective sensemaking, because the facilitating practices are discussed above (section 5.2) and the three others changes (the importance of the elaboration phase, the slow pace, and the persistence of diverging understandings) are somewhat intuitive.

My findings on **temporality** link to a two-decades-long debate among sensemaking scholars on whether some sensemaking processes are more prospective than others. In his seminal texts, Weick (1979, 1995) saw that sensemaking always relies on retrospection: Even when planning, people assess the implications and desirability of future options as if they had already occurred. This was first questioned by Gioia (1986), who suggested that such an “encompassing definition of the [sensemaking] process tends to obscure some of the nuances involved in the execution of sensible action”. Subsequent studies have proposed the concept of prospective sensemaking (Gioia et al., 1994; Gioia & Mehra, 1996). While Gioia abandoned the notion of prospective sensemaking in 2006, others have since suggested that it is differentiated from retrospective sensemaking by the greater tentativeness and malleability of emerging understandings (Cornelissen & Clarke, 2010; Rosness et al., 2016; Stigliani & Ravasi, 2012) and called for further studies

on it (Dawson & McLean, 2013; Gephart et al., 2010; Sandberg & Tsoukas, 2015; Wiebe, 2010).

I argue that it is time for this discussion on temporal perspectives to widen up and recognize not only the difference in past, present and future-orientation, but also different future time perspectives. Research on temporality have long ago established that for example different professions (Dubinskas, 1988), coordination methods, work-place technologies and feedback cycles (Ballard & Seibold, 2003) foster different future time perspectives. Thereby, it is an interesting task for future research to understand prospective collective sensemaking not only as a unified process but as a field of contestation between diverging temporal perspectives.

5.4 Bringing relational insights to cross-sector partnership research

My findings inform several aspects of cross-sector social partnership research. Firstly, this thesis supports Austin's (2010: 14) notion that **value generation** in cross-sector partnerships depends on the resources each partner brings in and "within the portfolio of resources, some are more significant than others". When the core competencies of each partner are utilised, that greatest societal value – transformation rather than mere incremental change or reform (Waddell et al 2015) – is possible. I show (essay 3) that community empowerment, a core competence of development NGOs, and the resulting self-help groups that bring poor producers and consumers together, can be very valuable for inclusive business initiatives. In the studied cases, most companies had dialogue with self-help groups, and changed their business ideas in result. Thereby, inclusive business initiatives can become more inclusive when an NGO brings in its core competence. Nevertheless, previous studies of inclusive business partnerships have neglected this NGO competency.

Secondly, my research of the social processes of collective sensemaking and re-sourcing adds to the recently arisen literature on the **microfoundation** of partnerships. Microfoundation refers to partnering individuals' actions, interactions and perceptions (Kolk et al., 2016) that sustain and mould the partnerships. My contribution is two-fold: first, I demonstrate that practice theoretical approaches are highly suited for the study of microfoundations. Secondly, complementing previous studies on the microfoundations of value creation in (Kolk et al., 2016: Le Ber & Branzei 2010), motivations for (Kourula & Delalieux, 2016) and resistance to (Seitanidi, 2009) partnerships, I show that an in-depth analysis of microfoundations is also essential to understand the bounds of partnerships.

Thirdly, studies on **partnership phases** have predominantly leaned on institutional analysis, paying limited attention to relational aspects. My research (essay 2) highlights that collective sensemaking is central for transformational partnerships, and benefits greatly from familiarity between partnering organisations and individuals. Therefore, relationship building and the initiation of lively collective sensemaking are an important part of the partnership selection and design phases. In contrast, even the sophisticated phases model of Austin & Seitanidi (2012) places "deepening relations" at the institutionalization phase rather than selection, design or even the operation phase.

Finally, studies on partnership **governance** have focused on the intuitive differences in partners' sectoral (Rivera-Santos & Rufin, 2010b) and institutional backgrounds (Hahn & Gold, 2014; Rivera-Santos, Rufin, & Kolk, 2012). My research (essay 2) identifies another characteristic, the simultaneous need for clear and flexible roles, which poses governance demands in transformational partnerships.

In my view, the key task for future partnership research is to foster a greater understanding of the limitations of cross-sector partnerships in addressing complex global problems. While co-creation between different societal actors is crucial, a blanket celebration and push for of all kinds of collaboration may crowd out other valuable work. Research on the microfoundations of partnerships is an important part of this future research.

5.5 Deepening local integration

This thesis deepens the proposals that on emerging markets, a strategy of “local integration” is a superior alternative to “local responsiveness”. The “global integration – local responsiveness” strategy, put forward by Prahalad and Doz (1987) and Bartlett and Ghoshal (1989) thirty years ago, continues to animate international business thinking (Birkinshaw, Crilly, Bouquet, & Lee, 2016; Chakravarty, Hsieh, Schotter, & Beamish, 2017; Verbeke & Asmussen, 2016). However, London and Hart (2004) and Santos & Williamson (2015) have suggested that local adaptation of a global business model and supply chain does not bring competitiveness to foreign companies on emerging markets. Instead, they call for deep local engagement and **co-creation** of the business model, ecosystem and social value with diverse local partners (see also Gifford & Kestler, 2008; Sinkovics, Sinkovics, & Yamin, 2014).

I contribute to this novel approach by deepening the understanding of **what such local co-creation entails**. As such, my contribution to inclusive business research (discussed above in section 5.3.1) is also a topical contribution to inclusive business thinking: I show that co-creation entails enduring and iterative interaction where diverse actors integrate their knowledge and capabilities, but contested aspects include the participants (are non-business partners and end-users included?) and purposes of co-creation (legitimation, business efficiency, sustainability or people's empowerment?). Also, my research emphasizes the social processes that underpin co-creation: co-creation entails an ongoing social process of collective sensemaking, where partners search for coherent understandings, and ongoing activities where partners enact and adapt their own and organizational resources, and utilize resources enacted by others.

Further, I show how **NGO partners** can facilitate local integration. This challenges Santos & Williamson (2015), who commend engagement with customers and end-users but not with NGOs, but deepens London and Hart (2004) and other BOP research that find NGO resources highly valuable for inclusive business ventures (e.g. Chesbrough et al., 2006; Dahan et al., 2010; Hahn & Gold, 2014). IB scholars are also increasingly recognizing NGOs as relevant actors for IB research (Kourula & Laasonen, 2010). My research offers analysis of *what exactly can NGO partners offer* to companies that seek entry to low-income markets. I

found NGO partners as sources of invaluable knowledge, legitimacy, low-income partners and other business contacts – but also identified several factors that bound these contributions. Further, showing how partners make their contributions, I encourage and facilitate more nuanced research on *what kind of NGO partners* are needed.

Finally, my research supports the idea that **social value creation** is important for local integration. Conventional MNC management theories emphasize economic benefits to the company (Hennart, 2009; Kolk 2016), but BOP thinking sees social value as vital for firms' license to operate and market growth (Prahalad & Hart, 2002). My research offers a bridge between these two discussions by *modelling a strong instrumental reason for MNCs to strive for win-wins*: there's nothing automatic in companies benefiting from their partners' assets. Partner organizations must gain, because it takes willing, skilled and constant activities for their representatives to convey their expertise, business contacts, legitimacy and other resources to the company. More generally, this is a novel argument that supports recent calls for IB scholars to develop a greater interest in corporate responsibility (Kolk, 2016; Kolk & Van Tulder, 2010) and ethics (Harvey & Moeller, 2016), as well as a richer understanding of multinational enterprises' impact on host country development than outlined by the "spillovers" and "liabilities of foreigners" perspectives (Oetzel & Doh, 2009).

Overall, this thesis engages with the lively discussion on the theoretical, methodological and philosophical **pluralism** in IB. Initially, IB was built on various research traditions from economics to anthropology, and rich qualitative research by the likes of Johanson, Vahlne, Bartlett, and Prahalad (Birkinshaw, Brannen, & Tung, 2011). Since then, many have hastened IB scholars to continue or return to this pluralism (e.g. Dunning 1989; Dymsha 1984; Wright and Ricks 1994) to understand complex phenomena (Cantwell & Brannen, 2011; Westney & Van Maanen, 2011), ask fresh questions and explore new issues (Cheng et al, 2014), and generate new theories (Birkinshaw, Brannen, & Tung, 2011). Yet many feel the call has been ignored, curtailing theoretical progress (Griffith et al. 2008) and relevancy (Delios, 2016).

5.6 Practical implications to companies and NGOs.

This thesis is relevant for the many companies and NGOs who are considering or engaging in cross-sector partnerships. The findings offer food for thought, whether an organization is just considering partnerships, selecting partners, or already working to make most of a partnership.

First, for those who consider partnerships, this research shows that the expertise, networks and legitimacy of NGOs can be invaluable for companies. Further, for companies interested in low-income markets, NGOs can facilitate dialogue with self-help groups – groups of poor producers, entrepreneurs or consumers, organized and empowered by NGOs, that foreign companies can meet to learn about local markets. Having NGO partners raises the chances that business in low-income areas generates value both to the company and the local communi-

ties. In most of the seven partnerships this research draws on, the NGOs encouraged and facilitated dialogue between the company and poor producer or consumer groups, which significantly changed the business ideas.

However, none of these benefits are automatic. NGO representatives must have the will, skills and time to convey their resources to company representatives and the latter must appreciate and utilize these resources. In the studied initiatives, it was often very challenging for Indian and Sri Lankan NGO representatives to convey their knowledge – understandably but interestingly – to Nordic business people they barely knew. Even the written materials of the NGO were awash with acronyms and perspectives unfamiliar to the company representatives. The challenges arose from differences between NGOs and companies, differences between South Asians and Nordics, unbalanced power relations, limited prior experience of inclusive business and, at times, mistrust in each other's intentions or capabilities. These hurdles are discussed in greater depth below, in the third research paper entitled "Co-creation of inclusive business in low-income contexts: The limits of NGO contributions". In sum, organizations should open up for partnerships only when their relevant representatives from top management to operative staff have the will, skills and time to do so.

Second, for organizations that are selecting partners and defining objectives, this research can bring insights on what to include and what to exclude from the partnership. What kind of expertise, networks, community connections and legitimization is the company expecting and what is the NGO willing and able to offer? The studied partners were not able to properly define or prioritize NGO contributions in advance, which caused misunderstandings between partners and among NGO offices.

Third, organizations that are working to make most of a partnership can benefit from the reminders or ideas that collaboration and co-creation entail the search for coherent understandings, require flexible roles between partnering organizations, depend on active facilitation and usually entails tensions.

The search for understandings that are shared, congruent or at least coherent enough to support collaborative action, is a strenuous undertaking among people from multiple organizations, societal sectors and cultures. They tend to notice different pieces of information and experience, and understand them differently. They also tend to avoid disputes, hesitating to voice controversial views or contest other's understandings – but well-mannered silence does not shape people's understandings towards coherence. This thesis underlines that co-creation can only emerge where different knowledge and perspectives are expressed, valued and integrated.

My analysis highlights that partnerships benefit, if partners get to know each other well. This is because co-creative partnerships entail a paradox: it is easier for partners to communicate with each other and forge mutual understandings, if their division of work is clear. However, if the division of work has been firmly agreed at the outset, it may be impossible to realize or even imagine truly novel solutions. For example, if the deal is that a company will seek to employ some micro-entrepreneurs, but will not participate in raising people's awareness or lobbying for regulatory changes, NGO representatives may be predisposed *not* to en-

vision ground-breaking business ideas that require considerable awareness raising and lobbying. This paradoxical need for clear *and* flexible roles is likely to cause tensions in co-creative partnerships. To mitigate uncertainties about with whom, what, how and when to brainstorm and make agreements, co-creators should become well acquainted with the partnering organizations and individuals as early in the partnership as possible.

Active facilitation is necessary for co-creation across organizational, sectoral and cultural boundaries. In the studied partnerships, dialogue between Nordic company representatives and poor Indian and Sri Lankan people required facilitation from both the Nordic and South Asian NGO representatives. The facilitators had a very hands-on role as they arranged meetings, gave advice on what to expect and how to present ideas, made introductions and clarifying comments, and reflected on progress in order to help partners understand each other. Figuratively speaking, the engaged NGO representatives seldom caused a broken-phone effect, or even a too-many-cooks scene, but formed a bridge between corporations and poor people. As such, NGOs that enter inclusive business partnerships with Northern companies should accept that they require active facilitation from Northern and Southern NGO staff.

The study also offers concepts for understanding disappointments and tensions in partnerships. Partners' contributions may fall short of expectations due to unwillingness – or sincere difficulties in changing their practices and resources so as to serve the common goal. In the studied partnerships, partners often saw unwillingness where NGO representatives did not comment on business ideas or forge links with and between some local actors or business representatives did not commit to the communities whose expectations had been raised. This research reminds that different missions, vocabularies and temporal perspectives are bound to cause some tensions in close partnerships between companies and NGOs. Even where one of the partners has pledged and been paid to help the other one – for example in launching inclusive business – partners need to be prepared to face and openly discuss the differences between companies and NGOs.

5.7 Practical implications to policy makers

Poverty and other wicked global problems cannot be solved without novel solutions powered by interaction between the three sectors of society. Indeed, there are numerous ways for companies to engage in poverty reduction.

Inclusive business is one of the celebrated approaches – it calls for companies, NGOs and diverse other partners to co-create novel business models and business ecosystems that simultaneously generate profits and reduce poverty (Prahalad, 2004). This thesis studies inclusive business through an extensive and systematic review of previous research (essay 1) as well as two-and-half years of action research, where I worked closely with seven Nordic companies and three NGOs to develop inclusive business ventures in India and Sri Lanka (essays 2 and 3).

Many studies have confirmed that NGOs can bring valuable expertise, capabilities, networks and legitimacy to inclusive business initiatives (e.g. Dahan et al., 2010; Hahn & Gold, 2014; Seelos & Mair, 2007; Webb et al., 2009). Also in the

seven inclusive business cases I studied, companies found NGO support valuable. In most cases, companies were also interested in direct dialogue with poor producers or consumers, and the NGOs facilitated meetings between them and people's self-help groups. This deepened the inclusivity of those business development processes.

Nevertheless, I conclude that co-creation of poverty reducing and profitable business between foreign companies and development NGOs is very demanding. Co-creation depends on the partners' ability to reach at least loosely cohering understandings of the business model, the pace of business development and the division of responsibilities (discussed in essay 2). Further, both corporate and NGO representatives' must have the skills, time and will to convey their expertise, networks and legitimacy to each other, as well as to recognize and utilize the resources brought forward by others (essay 3). Co-creation is particularly difficult where it aims for transformative – or human rights based – results: Co-creation may legitimate companies as development actors, and even bring affordable and necessary products and services to the poor. Yet, in the context of inclusive business development, it is very difficult to reach co-creation that empowers poor people and communities.

The rapidly growing stream of inclusive business research only showcases a limited number of successful, co-creative cases (essay 1). Many promising inclusive business cases from Unilever to Procter & Gamble, Cemex, e-Choupal and Hewlett & Packard have achieved meagre social impact - and often low profitability. Out of the seven inclusive business initiatives I studied, none started operating, even though the partners were committed and capable. My analysis highlights that effective co-creation was impeded by power imbalances, sectoral and cultural differences, limitations in expertise (as inclusive business is a novel approach), limited mutual trust (essay 3) and paradoxical expectations for clear but malleable roles between partners (essay 2).

This research pegs the question whether a sizable moving of public development funds to corporate uses on account of inclusive business is warranted. To the extent that inclusive business initiatives are supported, it is necessary to extend funding to both crucial partners, companies and NGOs.

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"Co-creation is a solution to the problem of poverty. The opportunities ... cannot be unlocked if large and small firms, governments, civil society organizations, development agencies, and the poor themselves do not work together" wrote C. K. Prahalad in 2004, inspiring many and provoking others.

This dissertation studies co-creation between firms and non-governmental organizations (NGOs). Co-creation can further these partners' missions. Companies can benefit from NGO expertise, networks, community contacts and legitimacy in low-income contexts. NGOs may manage to steer business towards greater inclusivity.

Yet co-creation entails an arduous search for cohering understandings and practices and is commonly hindered by unequal power relations, sectoral and cultural differences, paradoxical role expectations, limited expertise and limited trust. As such, many types of company-NGO interaction remain appropriate.



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