Partnerships in BOP business

Kansainvälinen liiketoiminta
Master's thesis
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2011
Abstract

Objective of the study

The purpose of this study was to find out what kinds of partnerships companies form in base of the pyramid (BOP) business, i.e. business aimed at alleviating poverty in subsistence markets. Although partnerships have been frequently promoted in previous BOP literature, very comprehensive studies on the topic have not been made before.

Data and methodology

The research was conducted as a multiple-case study, including data on 20 BOP business models of both foreign and local companies from various sectors. The data was collected mainly from existing case studies and company websites.

Findings

The findings of the study highlight the importance of partnerships in BOP business. The study provides an overview of different kinds of partnerships that companies doing business at the BOP may form with various types of actors, such as nongovernmental organisations, local microentrepreneurs, other companies, government agencies, intergovernmental organisations, and universities. As the main contribution of the study, nine categories of roles that partners can take in BOP business are presented: co-developers, suppliers, distributors, complementors, customers, microfinance providers, brokers, funders, and impact assessors. Furthermore, the study describes what types of actors companies may engage as partners in each of these roles.

Keywords

base of the pyramid, BOP, poverty alleviation, partnerships, cross-sector partnerships, partner roles, partner networks
Tiivistelmä

Tutkimuksen tavoitteet

Tämän tutkimuksen tarkoituksena oli selvittää, millaisia kumppanuuksia yritykset muodostavat BOP-liiketoiminnassa, eli vähävaraisilla markkinoilla harjoitettavassa köyhyyden vähentämiseen pyrkivässä liiketoiminnassa. Vaikka kumppanuuksien tärkeyttä on usein painotettu BOP-kirjallisuudessa, hyvin kattavia tutkimuksia aiheesta ei ole aiemmin tehty.

Data ja metodologia

Tutkimus tehtiin monitapaustutkimuksena, joka kattoi 20 paikallisen tai ulkomaalaisen yrityksen BOP-liiketoimintamallia useilta eri sektoreilta. Data kerättiin pääasiassa olemassa olevista tapaustutkimuksista ja yritysten Internet-sivuilta.

Löydökset

Tutkimuksen löydökset korostavat kumppanuuksien tärkeyttä BOP-liiketoiminnassa. Tutkimus tarjoaa yleiskuvan erilaisista kumppanuuksista, joita yritykset voivat muodostaa BOP-liiketoiminnassa erityyppisten toimijoiden, kuten kansalaisjärjestöjen, paikallisten mikroyrittäjien, toisten yritysten, hallitusten ja julkisten organisaatioiden, hallitusten välisten järjestöjen ja yliopistojen kanssa. Tutkimuksen pääkontribuutioina esitetään yhdeksän mahdollista kumppaneiden roolia: kehittäjät (co-developers), tarjoajat (suppliers), jakelijat (distributors), täydentäjät (complementors), asiakkaat (customers), mikrorahoituksen tarjoajat (microfinance providers), välittäjät (brokers), rahoittajat (funders) ja vaikutusten arvioijat (impact assessors). Lisäksi tutkimus kuvaa, minkä tyyppisiä toimijoita yritykset voivat osallistaa kussakin roolissa.

Avainsanat

BOP, BOP-liiketoiminta, köyhyyden vähentäminen, kumppanuudet, yhteistyökumppanuudet, kumppaniverkostot, roolit
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List of acronyms

BOP base of the pyramid
IFC International Finance Corporation
IGO intergovernmental organisation
INGO international non-governmental organisation
MFI microfinance institution
MNC multinational corporation
NGO non-governmental organisation
SME small and medium sized enterprise
UNDP United Nations Development Programme
1 Introduction

1.1 Background

In recent years, there has been growing interest in the so called Base of the Pyramid (BOP) approach, according to which companies can help eradicate poverty by entering the market of the 4 billion underserved people at the base of the world economic pyramid, and make profit at the same time (Prahalad & Hart, 2002). While the BOP customers’ individual purchasing power is not significant, their quantity is large and growing, which has started to attract businesses in the search for new growth opportunities. Despite attractive market potential, succeeding in these markets is not easy, and thus, the need for complete rethinking of business models has been repeatedly emphasised in BOP literature.

In particular, there has been a call for companies to build new kinds of partnerships with actors such as citizen sector organisations and local microentrepreneurs, which are familiar with the BOP, but less familiar as cooperation partners to companies (e.g. Hart, 2005; Klein, 2008; London & Hart, 2004; Prahalad, 2005; Rondinelli & London, 2003; Wynburne & Wilson, 2008). These non-traditional partnerships are considered important because very few companies have traditionally been operating in the BOP markets, and thus, companies tend to be very unfamiliar with them. This applies not only to foreign companies, but also to local companies who may have just as little experience with BOP markets in their countries. In fact, as Sánchez et al. (2005) point out, the concept of psychic distance, which is normally used when referring to the uncertainty of entering a foreign market, can also relate to the domestic situation in BOP business: as low income segments have been traditionally ignored as a market, most firms are not acquainted with the characteristics of this market within their home countries, such as customers’ needs, habits and attitudes, and the informal institutional context (Sánchez et al., 2005). In addition, also partnerships with more traditional partners, such as governments (e.g. UNDP, 2008; Wilson et al., 2009) and other
companies (e.g. UNDP, 2008; WEF, 2009b) have been promoted as beneficial in BOP business.

The literature has made some suggestions on the possible roles that can be taken by different partners in BOP business. However, very comprehensive studies on the different roles that partners can have in BOP business have not been made. Therefore, this thesis aims to shed more light on the partnerships companies form when operating at the BOP by examining what kinds of roles different partners have in companies’ BOP business models.

The research was conducted as part of a research project of the Corporate Environmental and Social Responsibility research group at the Aalto University School of Economics, which focuses on studying innovations at the base of the pyramid. The project contributes to Finnish innovation policy actors’ better understanding of innovation processes aiming at development of socially responsible innovations targeted at the low-income markets. Furthermore, the aim of the project is to encourage various stakeholders to better recognise innovation opportunities in the BOP markets. The project runs 2009-2010 and is funded by Tekes, the Finnish Funding Agency for Technology and Innovation.

1.2 Research gap, research questions and limitations

Partnerships have received some, although limited, attention in the BOP literature. Some of the authors have examined partner networks of BOP business in general, while others have focused on promoting the value of certain types of partnerships. Rivera-Santos & Rufin (2010) studied networks in the BOP context and propose based on their literature review that networks at the base of the pyramid differ significantly from the ones at the top of the pyramid in terms of structural characteristics, boundaries, ties, partner diversity, and dynamics. Furthermore, Kolk et al. (2008) studied companies’ contribution to development through public-private, private-nonprofit and tripartite
partnerships (with both public and nonprofit actors), making observations about the nature of projects undertaken through each type of partnerships. Some authors have focused on describing BOP ventures’ partnerships with specific types of actors, most notably with NGOs or poor communities. However, an integrated approach to the types of partners that are used in BOP business and the roles that various partners fulfil is still missing.

Thus, the present thesis, drawing from the BOP literature and a case study of 20 BOP ventures, will address the following questions:

**What kinds of partnerships do companies engage in when doing business at the BOP?**

- What types of actors do companies collaborate with in BOP business and why?
- What kinds of roles do the different partners have in the BOP business models?

As the research questions indicate, the partnerships are examined from the point of view of companies. Hence, the study includes only business models in which a company has a central role and leaves out business models of nonprofit actors. It should also be noted that both foreign and local companies’ business models are included in the study. Most of the previous BOP literature has discussed partnerships from the point of view of foreign companies. However, it is interesting to examine also the partnerships of local companies and see whether their partnerships differ from those of foreign companies in some aspects.

Finally, it should be noted that the purpose of the thesis is not to describe individual companies’ partner networks in BOP business as whole, but rather to describe the ways in which different companies can cooperate with various partners when doing business at the BOP.
1.3 Definitions

Base of the pyramid (BOP) business

Base of the pyramid business refers to business conducted in low-income markets with the aim of alleviating poverty, while sustaining profits. The BOP approach was popularised by C. K. Prahalad, who put forward the argument that there is a market of four billion underserved consumers at the bottom of the world economic pyramid and while serving them, companies can gain profits and alleviate poverty simultaneously. While Prahalad’s message was originally targeted at multinationals, some authors have acknowledged that also other types of actors, such as small local companies and NGOs, are active in BOP business (e.g. UNDP, 2008). Furthermore, while the original BOP discussion focused on serving the poor consumers, BOP authors have increasingly included in the discussion also business models in which the poor are engaged as producers (e.g. London et al., 2010). Hence, BOP business models can alleviate poverty through providing the poor with highly beneficial products or services and/or increasing the income of the poor while engaging them as entrepreneurs or employees.

Hammond et al. (2007) define the BOP as the 4 billion people at the base of the economic pyramid — all those with incomes below $3,000 per year in local purchasing power (2002 PPP). The authors estimate the total size of the market to be $5 trillion. Further, they segment the BOP market by using annual income increments of $500 PPP within the BOP to distinguish six BOP income segments, denoted as BOP500 representing population with incomes below $500 annually, BOP1000 representing population with incomes below $1,000 annually, BOP1500 representing population with incomes below $1,500 annually, etc. The estimated market sizes of these segments are illustrated in Figure 1.
Partnerships

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

Business model

A business model describes the design or architecture of the value creation, delivery and capture mechanisms employed by a business. In essence, a business model is a conceptual, rather than financial, model of a business. Business models are often necessitated by technological innovation which creates the need to bring new discoveries to market, but at the same time, new business models can themselves represent a form of innovation. (Modified from Teece, 2010)
Intergovernmental organisations

Intergovernmental organisations (IGOs) are formal institutional structures that function across national borders and come into existence through multilateral agreement. IGOs are established by formal agreement between states (that is, treaties) and states retain ultimate authority over these organisations. (Evans, 1998, cited in Bettcher & Lee, 2002). Examples of IGOs include the United Nations and its various agencies as well as the World Bank Group.

Non-governmental organisations

Non-governmental organisations (NGOs) represent the collective, often nonprofit efforts of social activists (Webb et al., 2010). NGOs’ interests can range from environmental concerns to human rights to issues regarding health, social justice, and welfare (Schepers, 2006). In this study, the relevant NGOs are those that are primarily concerned with economic, social, or environmental issues within BOP markets (Webb et al., 2010).

1.4 Structure of the study

The thesis is organised into six chapters, out of which the first one gave an introduction to the topic.

In Chapter 2, previous literature is reviewed in order to find out why companies may want to form partnerships with various types of actors when doing business at the BOP and what kinds of roles these partners may take. Section 2.1 discusses the general rationale for forming partnerships in BOP business, while Section 2.2 gives insights on partnerships with specific types of actors in BOP business.

Chapter 3 describes the data and the multiple-case study method used in the study. In Section 3.1, the research approach is described and justified. Section 3.2 explains the
process of data collection and case selection. Section 3.3 presents the 20 cases used in the study, while Section 3.4 discusses the reliability of the data taken from various sources. Furthermore, Section 3.5 explains the process of data analysis. Finally, validity and reliability of research are discussed in Section 3.6, followed by a discussion of the limitations of the study in Section 3.7.

The findings of this research are presented and discussed in Chapter 4. Section 4.1 describes what kinds of actors companies partnered with in the analysed cases and what kinds of roles these partners were engaged in. Thereafter, Section 4.2 presents different categories of partner roles that were created based on the findings. The section also discusses why companies may need partners in the respective roles and describes what kinds of actors may fill them.

Chapter 5 includes a general discussion of the findings. Finally, Chapter 6 concludes the study by summarising its main findings and discussing its theoretical contribution. Further, the chapter presents the managerial and policy implications and makes suggestions for further research.
2 Literature review

This chapter reviews the previous literature in order to shed light on why companies may want to form partnerships with various types of actors when doing business at the BOP and what kinds of roles these partners may take. Section 2.1 discusses the general rationale for forming partnerships in BOP business, while Section 2.2 gives insights on partnerships with specific types of actors in BOP business.

2.1 Partnerships as a way to gain resources in BOP business

According to the resource-based view of networks and strategic alliances, firms essentially use alliances to gain access to valuable resources of their partners (e.g. Das & Teng, 2000; Uzzi, 1996). Gulati et al. (2000, p.203) state that “strategic networks potentially provide a firm with access to information, resources, markets, and technologies; with advantages from learning, scale, and scope economies; and allow firms to achieve strategic objectives, such as sharing risks and outsourcing value-chain stages and organisational functions”. Furthermore, Eisenhardt and Schoonhoven (1996) found that the rate of alliance formation increased when market conditions were difficult and when firm strategies were risky or innovative. In such situations, alliances can provide critical resources, both concrete ones such as specific skills and financial resources as well as more abstract ones such as legitimacy (ibid). Thus, alliances are likely to be especially useful in BOP business, since the base of the pyramid is, indeed, a challenging environment requiring innovative firm strategies.

Alliances may help firms overcome various challenges at the BOP. One of these challenges is the underdeveloped state of business ecosystems in the BOP environments. Rivera-Santos and Rufin (2010) point out that, when entering the BOP markets, firms may find that the suppliers, distributors, or complementors that are taken for granted in “top of the pyramid markets”, do not exist at the BOP. For example, there can be gaps in the economic infrastructure, such as electricity or water supply, in
support activities, such as financing or distribution, and in the information infrastructure (Rivera-Santos & Rufin, 2010). This, they argue, may create the need to find (or support the creation of) partners to fill the gaps (ibid). Also according to Jenkins and Ishikawa (2009, p.15), companies operating at the BOP increasingly reach out to external collaborators who can “fill in pieces of the (value) system that they themselves cannot”. Such collaborators may include companies in complementary lines of business, government agencies, civil society organisations, microfinance institutions, international development agencies, and international financial institution (ibid). In addition, challenges imposed, for example, by dispersed locations, unfamiliarity of the markets, limited market information, mistrust of consumers, inadequate knowledge and skills of the BOP individuals, ineffective regulatory environments, and the great costs and risks involved, may all further contribute to the need to form partnerships at the BOP (Jenkins et al., 2007; Klein, 2008; Sánchez et al., 2005; UNDP, 2008).

Moreover, operating at the BOP may require new capabilities that can be fuelled through partnerships. London and Hart (2004) emphasise the need for social embeddedness, or the ability to create competitive advantage based on a deep understanding of and integration with the local environment when operating at the BOP. This capability involves the ability to create a web of trusted connections with a diversity of organisations and institutions, generate bottom-up development, and understand, leverage, and build on the existing social infrastructure (ibid).

In many cases, the challenges of the BOP environment and the need for new capabilities cannot be met through cooperation with traditional partners, such as national governments and large companies, since these actors rarely have necessary knowledge about, or embeddedness in, the BOP (Hart, 2005; Klein, 2008; London & Hart, 2004). Therefore, the BOP literature has frequently emphasised the need to cooperate with non-traditional partners, such as NGOs, local community groups, local governments, and local entrepreneurs when operating at the BOP (e.g. Hart, 2005; Klein, 2008; London & Hart, 2004; Prahalad, 2005; Wynburne & Wilson, 2008). Wynburne and Wilson’s (2008) study shows that the companies that established strong partnerships with local organisations were “far more successful in creating sustainable business that
generated financial and social return on investment” (Wynburne & Wilson, 2008, p.350). Also London and Hart (2004) found that multinational corporations’ (MNCs’) successful BOP strategies relied heavily on non-traditional partners. Unsuccessful strategies, in contrast, relied primarily on traditional partners such as national governments and large local companies, which were “as far removed, in terms of business knowledge of low-income markets, as the firms trying to launch the venture” (London & Hart, 2004, p.361). Hence, both foreign and local companies may benefit greatly from non-traditional partnerships when going to the BOP markets.

London and Hart (2004) suggest that in BOP business, non-traditional partners can provide access to important information on target customers and the overall business environment. In their research they found that by including input from civil society, local community groups, and the public sector, firms were better able to understand and leverage existing social strengths in these business environments as well as understand which societal concerns were myths and which were realities (ibid). In addition to providing information on the local context, non-traditional partners can provide local legitimacy, and access to needed resources (Rondinelli & London, 2003). Accordingly, Klein (2008) argues that non-traditional partners are the most likely partners to possess the local understanding, embeddedness, infrastructure, and relationships that provide access to resources that firms seek. Thus, he argues, they make valuable partners for firms for co-development, development of embeddedness, and to “outsource” parts of the business model to (ibid).

Sánchez et al. (2005) found that partnerships seem to be especially relevant in distribution and marketing at the BOP. According to them, this can be explained by the extremely high upfront market development costs in BOP environments. Furthermore, they argue that through partnerships, multinational companies can enjoy a better knowledge of the market, gain legitimacy and trust, and educate consumers about products’ benefits in a more sensitive manner. Also, they observed that partnering with local organisations for human resources recruitment can be especially useful when the business model relies on local entrepreneurs. Finally, some firms in their study had developed innovative business models by establishing embedded ties — close and deep
relationships with an external party without any formal agreement or contract — with local partners in the design process.

However, partnerships in BOP business are not always problem-free. For instance, Smit et al. (2009) found that in ICT companies’ BOP projects, problems in cooperation with local partners revolved around six core categories: driving force issues (misalignment of goals), skill issues (unrealistic expectations about local skills and knowledge), input-output issues (difficulties that may arise as a result of unequal investments or unequal gains by partners in projects), social issues (cultural differences and lack of understanding), systems issues (systems integration problems or lacking use of systems), and trust issues (dissemination of misinformation).

To conclude, the literature suggests that, although partnerships in BOP business may not always be easy to manage, partnerships can help companies gain the resources that are needed to tackle a variety of challenges at the BOP and to fuel social embeddedness. In particular, partnerships may be useful in functions such as distribution, marketing, human resources recruitment and business model development. Especially non-traditional partners, such as NGOs, local community groups, local governments, and local entrepreneurs may be needed as partners when operating at the BOP, since they can provide information on the local context, local legitimacy, and access to needed resources.

2.2 Partnerships with different actors in BOP business

This section discusses partnerships with different types of actors, including discussion of benefits of partnerships with various types of actors and the roles these actors can take in the BOP business models.
2.2.1 Partnerships with BOP individuals and communities

Companies have a lot to gain from partnering with local individuals and communities at the BOP. According to UNDP (2008), people at the BOP can be efficient and reliable at linking their communities to the broader market. In addition to being able to utilise local knowledge and capabilities, the benefits of cooperating with the people at the BOP may include, for example, reduced costs and improved government relations (WBCSD, 2004a). Simultaneously, the poor can benefit from new sources of income and skills through job creation, capacity building, knowledge and technology transfer as well as improved business environment and investment climate (ibid).

In BOP business, local microentrepreneurs can be engaged either as suppliers or distributors of products and services. Both of these ways of involving the BOP entrepreneurs will be presented in this subsection. In addition, the people at the BOP can be involved in conducting market research, giving community-based training, and co-creating innovations (UNDP, 2008). Engaging BOP entrepreneurs as partners often requires capacity building since the suppliers, distributors and retailers at the BOP may lack the knowledge and skills to deliver quality products and services consistently, on time and at a set cost (ibid).

**Engaging BOP entrepreneurs as suppliers**

Engaging the people at the BOP as suppliers can benefit both the companies and the local communities. Jenkins et al. (2007) argue that by buying from small and micro enterprises at the BOP, companies can gain benefits such as increased quality, traceability, and sustainability of supply, which, according to the report, is increasingly important in agriculture, forestry, apparel, and other sectors. Moreover, Weidner et al. (2010) argue that organisations seeking to market their products on subsistence marketplaces should prefer local content for several reasons. They point out that local content reduces the need of transporting raw materials and capital equipment, which can be prohibitively expensive, or simply impossible, because of the poor infrastructure in many subsistence marketplaces. Furthermore, they suggest that local content can reduce
the businesses’ adverse effects on the environment, for example, through the diminished need for transportation (Weidner et al., 2010). Finally, local sourcing can fortify companies’ social licences to operate and enhance their long-term business prospects (Jenkins et al., 2007).

One way of engaging BOP individuals as producers is to help existing BOP producers, operating in the informal sector, generate goods for sale, such as agricultural products and handicrafts (London et al., 2010). Ventures serving these producers purchase goods produced locally in the informal sector and sell them in various domestic and international markets (ibid). While some ventures engaging the BOP as producers source already existing products, others encourage BOP producers to develop new offerings (ibid). London et al. (2010) found that the BOP producers usually face two types of constraints: productivity constraints (raw material resource constraints, financial resource constraints, and production resource constraints) and transactional constraints (market access constraints, market power constraints, and market security constraints). The BOP ventures usually need to address these constraints in order to enhance the value creation and value capture by BOP producers as well as create value for the ventures themselves. Consequently, addressing the constraints lays the basis for the various BOP as producers -models. Market access can be facilitated through direct investments in procurement and processing (London et al., 2010), while the market power and market security constraints can be tackled by contractual arrangements, such as direct sourcing or contract procurement (Karamchandi et al., 2009) and contracts in which the price and demand risks are reduced with a fixed price and/or a guaranteed market (London et al., 2010). Furthermore, productivity constraints can be tackled by providing for better quality inputs for production, facilitating financing for resources needed to improve productivity, and providing appropriate technical assistance (ibid).

**Engaging BOP entrepreneurs as distributors**

Distributing products and services through BOP micro enterprises can be an effective strategy for reaching especially rural target markets at the base of the pyramid. It should be noted that the word distribution in this context does not refer only to distributing
products, but rather to a broad spectrum of various functions at the BOP customer interface. At the same time, the BOP entrepreneurs can be consumers for the products and services. Hence, as Prahalad (2005) puts it: “what we see here is a convergence of the traditional roles of the firm and the consumer and the distributor and the consumer. Functions such as advertising, credit risk management, risk analysis, and market development are assumed by the consumers-entrepreneurs and the consumer-entrepreneurial community.” (Prahalad, 2005, p. 60).

Vachani and Smith (2008) argue that by outsourcing the “last mile” (in reality, the last several miles) to small private BOP entrepreneurs, companies can take advantage of talented and motivated local entrepreneurs at a low cost. This, they argue, results from the BOP entrepreneurs’ low opportunity cost and negligible overhead, given that they live in the target market and operate from existing premises. So while the transportation cost of delivering the product or service to the outer reaches of the network is higher than delivering it to urban locations, the fixed local overhead is contained by outsourcing the promotion, selling and collection tasks to franchisees (Vachani & Smith, 2008). Moreover, according to UNDP (2008), only local service and maintenance providers can respond to clients’ needs quickly in areas with dispersed populations and inadequate physical infrastructure and logistics networks (UNDP, 2008). A further motivation to use the operators on the ground as distributors is that they are intimately acquainted with their markets (Hoyt & Jamison, 2007). Also, the local “rooting” and relationships of trust that small and micro enterprises possess within their communities are critical to the successful marketing and sales of products and services at the base of the pyramid markets (Jenkins & Ishikawa, 2009).

**Microfranchising as a way to engage BOP suppliers and distributors**

One way that companies can engage BOP entrepreneurs as partners is through microfranchising. The concept of microfranchising has been increasingly discussed as a new tool for poverty alleviation. NGOs have been involved in microfranchising already for some time, but recently also MNCs have become involved in microfranchising efforts (Gibson, 2007). Although the exact definition of the concept is still debated
upon, it can perhaps be stated that the main characteristic of microfranchising is that operations are streamlined and replicated to scale through microenterprises (e.g. Christensen et al. 2010; Gibson, 2007; Woodworth, 2007). However, very extensive control and standardisation of processes may not be desirable, especially in distribution activities, since various BOP markets can be very heterogeneous. In fact, London and Hart (2004) emphasise (building on von Hippel, 1998) that maintaining flexibility in the product and the business model can allow local entrepreneurs, who are more familiar with local culture and customer needs, to innovate proactively (London & Hart, 2004). Hence, through allowing a certain level of autonomy for the BOP entrepreneurs, a firm can better manage the vast heterogeneity at the BOP (Klein, 2008). This has been acknowledged also in the microfranchising literature. For example, Christensen et al. (2010) note that microfranchisors place more emphasis than do traditional franchisors on mutual adaptation and co-learning, while placing less emphasis on exact replication.

Microfranchising can take place with both distributors and suppliers. According to Gibson (2007), “microfranchising is quickly emerging as a leading method of getting businesses’ distribution channels down to the lowest economic level” (Gibson, 2007, p.32). The reason for the increasing popularity of using a microfranchising-based distribution model may be that it offers a way to utilise local knowledge and resources while maintaining quality and brand control (Hoyt & Jamison, 2007). Also, sourcing from franchised suppliers can often lead to lowered costs and decreased risks of doing business through increased scale and standardisation of processes (ibid).

2.2.2 Partnerships with NGOs and MFIs

Partnerships between companies and NGOs have been frequently promoted in the BOP literature (e.g. Brugmann & Prahalad, 2007; Chesbrough et al., 2006; Drayton & Budinich, 2010; WBCSD, 2004a; Webb et al., 2010; Wynburne & Wilson, 2008). One of the most powerful arguments for company-NGO cooperation is that while the companies can lead the drive towards commercial sustainability and ensure a transfer of good business skills, NGOs can play a key role in maximising the societal value of BOP initiatives through ensuring sensitisation to community needs (Wynburne & Wilson,
Drayton and Budinich (2010) argue that the power of company-NGO partnerships, which they call “hybrid value chains”, lies in the complementary strengths of the participants: Businesses offer scale, expertise in manufacturing and operations, and financing, while social entrepreneurs and organisations contribute lower costs, strong social networks, and deep insights into customers and communities.

Webb et al. (2010) argue that NGOs are familiar with institutions of both developed economy and BOP markets, and thus, they can serve as effective intermediaries between MNCs and the BOP. As intermediaries, NGOs can provide knowledge, resources, and legitimacy to support MNCs’ entrepreneurship processes from opportunity recognition to opportunity exploitation and growth (ibid). Chesbrough et al. (2006) argue that NGOs’ role may be especially beneficial during the initial phases of establishing a business model. NGOs can advise companies on low-income communities’ needs and potential opportunities (WEF, 2009a) and their understanding of the local environment can help MNCs develop initial ideas into valuable opportunities (Webb et al., 2010). Moreover, through their networks and relationships with the local societies, they can help companies overcome formal institutional voids and build legitimacy and trust between the BOP community and the MNC (Webb et al., 2010). Further, Simanis and Hart (2008) suggest that companies should use NGOs as facilitators in the process of building direct, personal relationships with the BOP. Moreover, many development-oriented NGOs possess extensive and wide-reaching networks globally, which can help MNCs to expand also to other BOP markets (Webb et al., 2010). In addition, NGOs can take on the role of monitoring the social and environmental standards of the ventures (Hart, 2005).

NGOs can also have an important role in recruiting, organising, and training the BOP entrepreneurs. For example, NGOs may take on the role of organising small-scale producers in agricultural business models (WEF, 2009a), or recruit and train BOP distributors (Chesbrough et al., 2006). Furthermore, according to WEF (2009a), NGOs can bring expertise in capacity building at the local level and strengthen producer capacity and product quality through training as well as train and facilitate entrepreneurship development for retailers. Accordingly, London et al. (2010) found
that ventures typically partnered with NGOs to provide the necessary technical assistance and training to BOP producers.

Also microfinance institutions (MFIs) have been promoted as potential partners in BOP business. Although many of them are operating for profit, hence, not defined as NGOs, partnering with microfinance institutions can bring about many of the same benefits as partnering with NGOs, since they are, in a similar way, familiar with operating at the BOP. Furthermore, an important additional benefit of cooperating with MFIs is their ability to provide credit to BOP consumers and BOP entrepreneurs. This is important, since lacking credit, poor producers and consumers cannot finance investments or large purchases (UNDP, 2008). The role of MFIs in BOP business models can be, for example, to act as distribution channels coupled with credit (Karamchandi et al., 2009) or to operate at the BOP entrepreneur-interface, recruiting the microentrepreneurs and providing them with capital (Dalberg, 2009).

2.2.3 Partnerships with governments

In BOP literature, the views on government engagement range from encouraging companies to engage in public-private partnerships and policy dialogue (UNDP, 2008; Wilson et al., 2009) to advising companies to avoid dependency on governments altogether in order to avoid problems like corruption (Hart, 2005; Klein, 2008).

On one hand, it has been argued that in some countries, cooperation with national governments can be counterproductive for firms because of issues like corruption and bureaucracy (Hart, 2005, Klein, 2008). Thus, Hart (2005 p.199) suggests that, when facing corrupt regimes, companies should try to “fly under the radar” of governments, i.e. avoid being dependent on governmental bodies where possible by keeping the projects small enough not to catch too much attention.

On the other hand, there can be a lot to gain from cooperation with governments as well, and in some cases, government cooperation may be an essential condition for doing business at the BOP. Wilson et al. (2009) argue that without support from central
and local government, there are unlikely to be sufficient incentives to pilot, let alone scale up, successful private sector initiatives and partnerships. According to the authors, the necessary regulatory support might be, for example, the allocation of commercial forest rights to community enterprises, a waiver of land title requirements for urban water supply connections, or the establishment of community rights over natural resources round rivers and streams. Furthermore, they point out that government subsidies may help to stimulate replication and adaptation of BOP business models. Moreover, Kolk et al. (2008) found that in development-related public-private partnerships, the role of governments was the reduction of investment risk through financial support and acting as brokers given their extensive networks.

Since governments have the ability to set regulations and implement policies that can either facilitate or hurt operations, policy dialogue is often crucial for companies. UNDP’s Growing Inclusive Markets report (2008) encourages companies to engage in policy dialogue with governments to improve the enabling business environment (UNDP, 2008). For example, companies may encourage governments to provide public goods that the business needs in order to operate in particular locations (ibid). According to the report, firms are also increasingly engaging governments collectively, or in collaboration with other stakeholder groups, on specific and systemic constraints that affect the success of inclusive business models.

Finally, it should be noted that most of the literature presented in this subsection is related to partnerships with national instead of local governments. While local and even village level governments have been promoted on the list of non-traditional partners companies should cooperate with, the literature has not elaborated on the roles that the local governments could take in BOP business models.

2.2.4 Partnerships with companies

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

2.2.5 Other partnerships

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

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

This section reviewed the BOP literature in order to find out what has been said about partnerships with various types of actors in BOP business. The literature presented in the section made several suggestions concerning the ways in which the resources of different types of actors can be utilised in BOP business. The list of roles suggested for the various types of partners in this section will be complemented and extended by the findings of the case study in Chapter 4.
3 Data and research method

In Section 3.1, the research approach is described and justified. Section 3.2 explains the process of data collection and case selection. Section 3.3 presents the data used, while Section 3.4 discusses the reliability of data taken from different sources. Furthermore, Section 3.5 explains the process of data analysis. Finally, validity and reliability of research are discussed in Section 3.6, followed by a discussion of the limitations of the study in Section 3.7.

3.1 Research approach

This study was conducted as a multiple-case study. Multiple cases enable comparisons that clarify whether an emergent finding is simply idiosyncratic to a single case or consistently replicated by several cases (Eisenhardt, 1991). Multiple cases also create more robust theory than single cases because the propositions are more deeply grounded in varied empirical evidence (Eisenhardt & Graebner, 2007). Furthermore, in this research, the use of relatively many cases was necessary because the research aimed at illustrating many different types of partnerships that can be used in BOP business, which would not have been possible with only one or a few cases.

The multiple-case study was initially planned to be conducted as a survey of existing case studies (Yin & Heald, 1975). Surveying the existing case studies was considered an effective way of getting answers to the research questions, since as Yin and Heald (1975) point out; the case survey method is particularly suitable when case studies dominate an area of research, which is certainly the case in the BOP field. The authors argue that the case survey method carries the classic case study method one major step forward by enabling aggregate reviews of individual case studies to be undertaken (ibid). The case survey calls for a reader-analyst to answer the same set of questions for each case study (ibid). Furthermore, in the case survey, the reviewer's main task is to aggregate the characteristics, but not necessarily the conclusions, of these cases (ibid).
However, surveying existing case studies turned out to be inadequate to extract the necessary information about partnerships in most of the cases. Hence, additional data were collected also from company websites and other internet sources, and in one case, from an interview and material received from the company.

The theoretical approach used in this research was a combination of deductive (i.e. theory testing) and inductive (i.e. theory creating) approaches. A literature review was conducted in the beginning to find out what has been said about the partnerships at the BOP in the previous research. Hence, there was an element of deductive research, since theory was not created from the scratch. However, the findings of the thesis could be used to complement and extend the suggestions of the literature on many parts. Further, new taxonomy of partner roles was created. In this sense, the study had also elements of the inductive approach.

3.2 Data collection and case selection

Potential cases were identified from various existing case studies (sources listed below). The initial criterion was that a business enterprise should be the central actor in the business model. This was followed by a search for data on partnerships used in the cases, first from the case studies and then, from complementary sources. Finally, the potential cases were screened against the data needs and cases on which sufficient partnership data were missing were excluded.

Data on BOP business models and partnerships used in them were collected by surveying tens of existing case studies. Various BOP business models have been presented in numerous case studies compiled by academic researchers as well as organisations, such as the UNDP, which has published 50 case studies of what it calls “inclusive business models”. The search for case studies covered many different sources to minimise source-specific biases (Larsson, 1993).
The sources used were the following:

- Case study bank of the United Nation’s Development Programme’s Growing Inclusive Markets initiative
- Case study bank of the World Business Council for Sustainable Development
- Kandachar and Halme’s and edited book “Sustainability Challenges and Solutions at the Base of the Pyramid” (2008)
- Fairbourne, Gibson, and Dyer’s edited book “Microfranchising: Creating Wealth at the Bottom of the Pyramid” (2007)
- Nokia’s Expanding Horizons publications
- Various academic articles

In most of the case studies, the focus was not on the partnerships, but rather on presenting various BOP business models. Moreover, in some of the case studies, partnerships were not even mentioned. Some of the case studies presented or analysed only one case, while others were multiple-case studies. The case studies included ventures of all types of actors, but only cases in which a company had a major role were considered.

Based on the survey of existing case studies, data on 64 cases were collected on an Excel sheet. The collected data included the name of the venture, type(s) of actor(s) owning the venture, source, description of the BOP activities, country of operation, and descriptions of how different partners were engaged with under the categories of various types of partners (BOP individuals and communities/ NGOs and MFIs/ governments/ companies/ other).

Some of the UNDP case studies contained enough information on partnerships to satisfy the data needs of this study. However, in all the other case studies, the amount of data on partnerships was too limited or non-existent and additional data were searched from
other sources. In most of the cases, complementary data could be extracted from company websites or other internet sources. Furthermore, information on the partnerships used in Nokia’s BOP business models was received in a semi-structured interview conducted with Sanna Eskelinen, who is leading Nokia’s industry marketing activities in the emerging markets. In addition, in the case of Nokia Life Tools, material received from a person working in the Nokia Life Tools team was used to get detailed information about partners used in the business model.

Finally, out of the 64 cases, 20 that were considered to have enough information available about partnerships were selected to be used in the analysis. The selected cases were from a variety of sectors, which enables broader generalisability of the results. It should also be noted that cases of both local and foreign companies were included, which enabled the comparison of the partnerships they use. Table 1 presents the selected cases of local and foreign companies by sector.

**Table 1: Cases by sector and country of origin**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Local company</th>
<th>Foreign company</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Financial services</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Energy/Water/Sanitation</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Food</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Irrigation</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Forestry</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Artisanal goods</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Recycling</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Cosmetics</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td><strong>9</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

As can be seen from Table 1, most of the analysed cases were from the ICT and financial services sectors. The other sectors represented in the cases were energy, water, sanitation, food, agriculture, irrigation, forestry, artisanal goods, recycling, and
cosmetics. Nine of the cases were business models of local companies, while 11 cases were business models of foreign companies.

3.3 The data

This section first presents the case data in a table, after which the cases are described to give a better understanding of the ventures analysed in the study. Table 2 presents the main information on the case studies: sector, description of the business model, type of organisation, key partners, country, and sources used.
### Table 2: Case data

<table>
<thead>
<tr>
<th>Case study</th>
<th>Sector</th>
<th>Description of BOP activities</th>
<th>Organisation type</th>
<th>Key partners</th>
<th>Country</th>
<th>Sources*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amanco</td>
<td>Irrigation</td>
<td>selling irrigation systems to farmers</td>
<td>developing country</td>
<td>Ashoka (NGO), RASA (NGO)</td>
<td>Mexico</td>
<td>UNDP, 2008; IFC, 2007</td>
</tr>
<tr>
<td>ANZ Bank rural banking in Fiji</td>
<td>Financial services</td>
<td>providing mobile banking accounts and financial literacy training to rural communities</td>
<td>MNC</td>
<td>UNDP</td>
<td>Fiji</td>
<td>Liew, 2005; ANZ website</td>
</tr>
<tr>
<td>Barclays Capital Susu collectors initiative</td>
<td>Financial services</td>
<td>providing microfinance through the informal financial system of “Susu collectors” in Ghana combined with knowledge sharing with the end-customers</td>
<td>MNC</td>
<td>Ghana Susu Collectors Association (NGO), Ghana Microfinance Institutions Network (NGO)</td>
<td>Ghana</td>
<td>UNDP, 2008</td>
</tr>
<tr>
<td>CocoTech</td>
<td>Artisanal goods</td>
<td>engaging the BOP as suppliers in the making of cocofibre nets used for example for slope stabilisation and erosion control</td>
<td>local SME</td>
<td>national and local governments, BOP suppliers</td>
<td>Philippines</td>
<td>UNDP, 2008</td>
</tr>
<tr>
<td>Danone Poland Milk Start</td>
<td>Food</td>
<td>developing and marketing a nutritious milk porridge for low-income families</td>
<td>MNC</td>
<td>Lubella SA (manufacturer), Biedronka (retailer), Institute of Mother and Child (public institution)</td>
<td>Poland</td>
<td>UNDP, 2008</td>
</tr>
<tr>
<td>Case study</td>
<td>Sector</td>
<td>Description of BOP activities</td>
<td>Organisation type</td>
<td>Key partners</td>
<td>Country</td>
<td>Sources*</td>
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<td>-------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Freeplay Energy Weza project</td>
<td>Energy</td>
<td>creating sustainable rural businesses that use a foot-powered portable energy source &quot;Weza&quot; to provide energy services for basic needs, such as communications and LED lighting</td>
<td>foreign SME</td>
<td>CARE Rwanda (INGO), BOP microentrepreneurs, universities</td>
<td>Rwanda</td>
<td>Webb et al., 2010; Freeplay Energy website</td>
</tr>
<tr>
<td>Grameen Phone Village Phone</td>
<td>ICT</td>
<td>providing phone services via a network of village entrepreneurs</td>
<td>MNC/NGO joint venture</td>
<td>BOP microentrepreneurs, funders (IGOs and development agencies)</td>
<td>Bangladesh</td>
<td>Seelos &amp; Mair, 2007; Dang et al., 2008; Richardson et al., 2000; WRI, 2001</td>
</tr>
<tr>
<td>Grameen-Danone Shoktidoi</td>
<td>Food</td>
<td>providing a fortified yoghurt to improve the nutrition of poor children in Bangladesh, while engaging the poor as suppliers, manufacturers and distributors</td>
<td>MNC/ NGO joint venture</td>
<td>GAIN (INGO), local NGOs, BOP microentrepreneurs, The John Hopkins University</td>
<td>Bangladesh</td>
<td>Danone website; Yunus Centre website; Social Innovator website</td>
</tr>
<tr>
<td>Huatai Paper</td>
<td>Forestry</td>
<td>mobilising local farmers to plant fast-growing trees, supporting them through technical assistance, irrigation services and direct subsidies, and making a contract to buy the lumber from them at protected prices</td>
<td>large domestic company</td>
<td>local government</td>
<td>China</td>
<td>UNDP, 2008; Business and public policy blog</td>
</tr>
<tr>
<td>Integrated Tamale Fruit Company</td>
<td>Agriculture</td>
<td>cultivating certified organic mangoes through an outgrower scheme through which the farmers get interest-free loan in the form of farm inputs and technical services</td>
<td>local SME</td>
<td>farmers' association and organisations providing funding for the association</td>
<td>Ghana</td>
<td>UNDP, 2008</td>
</tr>
<tr>
<td>Case study</td>
<td>Sector</td>
<td>Description of BOP activities</td>
<td>Organisation type</td>
<td>Key partners</td>
<td>Country</td>
<td>Sources*</td>
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</tr>
<tr>
<td>LYDEC</td>
<td>Energy/ Water/ Sanitation</td>
<td>providing electricity, water, and sanitation services to shantytowns</td>
<td>MNC</td>
<td>national and local public authorities, subcontractors, the World Bank</td>
<td>Morocco</td>
<td>UNDP, 2008</td>
</tr>
<tr>
<td>Manila Water Company Livelihoods Program</td>
<td>Water</td>
<td>developing supply chain partners in local communities: created a pipe rethreading cooperative by training previously unemployed and unskilled employees, financing the cooperative and leasing them the equipment at an affordable rate</td>
<td>large domestic company</td>
<td>subcontractor cooperative</td>
<td>Philippines</td>
<td>UNDP, 2008</td>
</tr>
<tr>
<td>Natura Ekos</td>
<td>Cosmetics</td>
<td>sourcing ingredients of natural cosmetics from rural communities that extract raw material from the nature</td>
<td>developing country MNC</td>
<td>local NGOs</td>
<td>Brazil</td>
<td>UNDP, 2008</td>
</tr>
<tr>
<td>Nokia Lifetools</td>
<td>ICT</td>
<td>providing mobile services including Agriculture (information on seeds, fertilisers, pesticides, market prices, and weather), Education (learning English and preparing for exams) and Entertainment services</td>
<td>MNC</td>
<td>content providers, operators</td>
<td>India</td>
<td>interview; company material; Nokia press release</td>
</tr>
<tr>
<td>Nokia Microfinance</td>
<td>ICT</td>
<td>selling phones in rural areas via a microfinance organisation that also gives the low-income customers loans for buying the phones</td>
<td>MNC</td>
<td>SKS Microfinance (for-profit MFI), Airtel (operator)</td>
<td>India</td>
<td>interview; Nokia Expanding Horizons publication</td>
</tr>
<tr>
<td>Case study</td>
<td>Sector</td>
<td>Description of BOP activities</td>
<td>Organisation type</td>
<td>Key partners</td>
<td>Country</td>
<td>Sources*</td>
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</tr>
<tr>
<td>Nokia Money</td>
<td>Financial services</td>
<td>providing a mobile banking service that does not require a bank account, enabling the payment of bills, transfer of money, and recharging of the prepaid account</td>
<td>MNC</td>
<td>Yes Bank, Obopay (payment platform provider)</td>
<td>India</td>
<td>Nokia website; Nokia blog</td>
</tr>
<tr>
<td>Nokia Siemens Networks Village Connection</td>
<td>ICT</td>
<td>bringing voice and internet connectivity to rural villages where traditional GSM network roll-out and operation would be too costly by implementing an IP-based network architecture and a business model of local village operators</td>
<td>MNC</td>
<td>operators, BOP entrepreneurs, microfinance providers</td>
<td>Tanzania</td>
<td>Skarp et al., 2008; NSN website</td>
</tr>
<tr>
<td>PETSTAR</td>
<td>Recycling</td>
<td>constructing a bottle-to-bottle recycling facility and partnering with garbage sorting and recycling workers to improve their working conditions and livelihoods</td>
<td>large domestic company</td>
<td>NGOs, companies (buyers), IFC, The Institute of Social Research of the Universidad Autónoma de Nuevo León</td>
<td>Mexico</td>
<td>UNDP, 2008; IFC press release</td>
</tr>
<tr>
<td>Real Microcrédito</td>
<td>Financial services</td>
<td>providing microfinance</td>
<td>MNC/ NGO joint venture</td>
<td>USAID</td>
<td>Brazil</td>
<td>Webb et al., 2010; ACCION website; WBCSD, 2004</td>
</tr>
<tr>
<td>Tsinghua Tongfang Changfeng computer</td>
<td>ICT</td>
<td>providing computers designed especially for rural consumers</td>
<td>large domestic company</td>
<td>municipal government agencies, software companies</td>
<td>China</td>
<td>UNDP, 2008</td>
</tr>
</tbody>
</table>

* Websites, links to documents, and the complete references of the literature sources are provided in the appendix.
Amanco - Irrigation systems to small farmers

Amanco is a leading water management systems provider in Latin America. The company, which used to be a subsidiary of the Latin American investment and operations holding company GrupoNueva, was sold in 2007 to Mexichem, a Mexican group of chemical and petrochemical companies. Amanco’s BOP activities were launched already earlier, in 2004, by targeting the irrigation needs of poor farmers in Guatemala, followed by replications in Mexico and Brazil in 2005 (only the Mexican project is included in the analysis). In Mexico, irrigation systems were designed and adapted to the particular needs of small-scale clients, who were offered three types of irrigation systems: drip irrigation, portable irrigation and micro-sprinkling. To implement its business model in Mexico, Amanco partnered with the international social entrepreneurship organisation Ashoka, which helped Amanco find the Mexican NGO partners to act as the grass-roots partner for the pilot project.

ANZ Bank - Rural banking in Fiji

The UNDP and ANZ Bank partnership provides a commercial banking service through mobile banking accounts to all rural communities in Fiji, supported by a financial literacy training programme. The program aims to educate and promote a savings culture within the rural communities, so that individuals are able to use micro-loans to create new economic opportunities for themselves and their families. Financial literacy and access to financial services enables the community to become financially empowered, giving them the ability to improve their economic circumstances with their own money and build a sustainable livelihood.

Barclays capital - Susu collectors initiative

Barclays Bank Ghana is embarking on an initiative to connect modern finance with the informal financial system of Susu collection in Ghana. Barclays lends money to the Susu collectors at an interest rate of 2.1 percent per month, which they on-lend to the market women at the same rate. Barclays also organises knowledge sharing meetings
with the end-users and educates them about financial management and insurance, as well as about the Barclays Susu Collectors Initiative. Barclays partnered with the Ghana Susu Collectors Association (GSCA) to recruit the Susu collectors for the pilot programme. Ghana Microfinance Institutions Network (GHAMFIN, the umbrella organisation of GSCA) brokered the relationship to the GSCA and was involved also in managing the initial training of the Susu collectors.

**CocoTechnologies - Manufacturing cocofibre nets**

CocoTechnologies (CocoTech) is a Filipino enterprise that produces geo-textiles from waste coconut husks. It pioneered the application of bioengineering using cocofibre nets in slope protection, river and shoreline rehabilitation and erosion control in the Philippines and other countries in Asia and Europe. Low-income communities and individuals are involved in CocoTech’s supply chain as suppliers of the coconut husks, as twiners of the coconut fiber, and as weavers of the nets. CocoTech organised and trained the community partners with the help of local government units.

**Danone Poland - Milk Start**

In 2006 Danone Poland launched the Milk Start porridge, a breakfast product that has high nutritional value for children and is affordable for low-income consumers. To do this, the company established partnerships with a state child health and nutritional organisation, Lubella SA, Poland’s largest manufacturer of instant products and Biedronka, the country’s largest food retailer. Lubella produces Milk Start and sells it to Biedronka. The partners agreed that Biedronka would sell Milk Start exclusively in return for full distribution in all its outlets. From Lubella’s sales to Biedronka, Lubella pays royalties for the brand and concept to Danone Poland, the concept owner.

**Freeplay Energy - Weza project**

The UK-based Freeplay Energy’s Weza-project is creating sustainable rural businesses that use a foot-powered portable energy source "Weza" to provide energy services for basic needs, such as communications and LED lighting. Local NGO and MFI partners
help the company to select entrepreneurs and equip them with business start-up kits, training and low-risk financing. The project is piloted in Rwanda, where CARE Rwanda encouraged associations that they had already trained to manage savings and loans to join the Weza project. A micro-credit line was set up to enable 40 Weza Enterprise groups to start their own rural energy businesses.

**Grameen Phone – Village Phone**

Grameen Phone is a for-profit joint venture between Telenor, the Norwegian telecommunications service provider, and Grameen Telecom Corporation, a non-profit sister concern of the micro-credit pioneer Grameen Bank. Through its pioneering Village Phone model, Grameen Phone is providing phone services via a network of village entrepreneurs who retail the mobile phone services among their fellow villagers on a per-call basis. The model, which has spread widely in Bangladesh, has been replicated also in several other countries and by other organisations.

**Grameen Danone - Shoktidoi**

Grameen Danone Foods (Grameen Danone) is a Bangladeshi-based joint venture between the Grameen Group and Groupe Danone. The company developed a fortified yoghurt that it is marketing to improve the nutrition of poor children in Bangladesh, while engaging the poor as suppliers of milk, employees at the plant, and door-to-door distributors. Grameen Danone has placed social and environmental concerns at the heart of its business model. Although the company has to be profitable – profits from the first plants are needed to finance the construction of new plants – the success of the project will above all be judged on non-financial criteria, such as the number of direct and indirect jobs created, improvements to children's health, and protection of the environment. Grameen Danone is partnering with NGOs to give technical support to farmers. Furthermore, the international NGO GAIN has supported the initiative through providing technical expertise in fortification and social marketing and funding an efficacy study conducted by John Hopkins University to evaluate the health impact of the yoghurt.
Huatai Paper - Planting fast growing trees

In 2000, Huatai Paper Company, Ltd., the biggest newsprint manufacturer in China, launched a new strategy to substitute wood pulp for straw pulp, which was done through mobilising local farmers to plant fast-growing trees in the vast areas of infertile, saline land in the Yellow River Delta region. Huatai helped the local government create a special planting plan for the region that was suitable for fast-growing trees. The local government leases the land to the participating farmers and provides technical assistance, irrigation services and direct subsidies to them. Huatai pledged to buy the lumber from the farmers at protected prices under the terms of a fifteen-year contract. Through this strategy, Huatai has grown its newsprint business while decreasing its environmental impact and minimising the risk from volatile import prices for pulp.

Integrated Tamale Fruit Company - Growing organic mangoes

The Integrated Tamale Fruit Company (ITFC) is a Ghanaian, private, Limited Liability Company incorporated in 1999 and operating in the Savelugu-Nanton District of the Northern region of Ghana, an area of widespread poverty. The company cultivates certified organic mangoes for local and export markets through an outgrower scheme through which the farmers get interest-free loans in the form of farm inputs and technical services. The farmers start paying back the loan from selling mangoes only after the trees yield fruit. This arrangement allows the company to reliably source a large volume of quality organic mangoes, while the farmers can enter mango production with long-term income prospects.

LYDEC - Energy, water and waste services to shantytowns

LYDEC is a Moroccan and French Company belonging to SUEZ Environment, which is part of the worldwide energy, water and waste services group, SUEZ. In 1997, LYDEC signed a 30 year management contract with the Moroccan authorities to provide access to electricity, water and sanitation services to the inhabitants of Casablanca, with 30 percent living in shanty towns. In 1998, LYDEC, in partnership
with local authorities, started to connect households in various shanty towns and illegal settlements. To provide electricity to poor areas in Casablanca, LYDEC has used cost-effective techniques such as meters, a suitable tariff structure, and a network of “street representatives”. In addition to improving access to electricity, LYDEC has increased poor households’ access to water and sanitation and reduced the risk of flooding by cleaning sanitation networks.

**Manila Water Company - Livelihood for the Community programme**

As the concessionaire of the Metropolitan Waterworks and Sewerage Systems, Manila Water provides water and wastewater services to 5.6 million people from 23 cities and municipalities. As part of its activities, Manila Water actively supports development and livelihood programs. Through its “Livelihood for the Community” program, Manila Water was able to use cooperatives as their suppliers and service providers. The first one of these supply chain partnerships was established with a pipe rethreading cooperative, Alitaptap Multipurpose Cooperative, which supplies meter protectors and other small piping components to the company. Manila Water created the cooperative by training previously unemployed and unskilled employees, financing the cooperative and leasing them the equipment at an affordable rate.

**Natura - Ekos**

In 2000 Natura, a Brazilian cosmetics company, launched a new product line, Ekos, which used raw materials extracted from Brazilian vegetal biodiversity. To scale local production and guarantee sustainable extraction of the raw material, the company built a new business model, involving communities, NGOs, and governments. It established supplier relationships with rural communities to extract raw material from the nature and agreed, transparently, on a reasonable profit margin together with all the parties. This programme, aiming to maximise the benefits simultaneously for nature, for communities, and for the company, has enabled Natura to differentiate its brand in the marketplace.
Nokia – Nokia Lifetools

Designed specifically for the emerging markets, Nokia Life Tools is a range of Agriculture (information on seeds, fertilisers, pesticides, market prices, and weather), Education (learning English and preparing for exams) and Entertainment services. After a successful pilot in the Indian state of Maharashtra, Nokia announced the commercial launch of the service in India in 2009 and is now expanding the service also to other countries across Asia and Africa. SMS is used to deliver the critical information to ensure that the service works wherever a mobile phone works, without the need for additional settings or GPRS coverage. Providing the services requires a complex ecosystem of different actors including content providers and operators. For example, the agriculture services in India are provided in cooperation with Reuters Market Light, Syngenta, Madison Research, Skymet and many others, while Pearson Education is delivering the educational content.

Nokia – Nokia Microfinance

To improve the poor customers’ access to mobile phones, Nokia started running a pilot project to sell handsets in the Andhra Pradesh state in India through SKS Microfinance, a major Indian microfinance organisation. Besides improving the rural poor’s ability to reach a phone vendor, the programme also tackles the affordability problem since SKS gives the low-income customers loans for buying the phones with weekly repayments. The pilot project has been a success and currently Nokia is exploring the opportunities to put up similar projects with other microfinance institutes in other countries.

Nokia – Nokia Money

Nokia Money is a mobile banking service that does not require a bank account, enabling the payment of bills, transfer of money, and recharging of the prepaid account with mobile devices. Thus, it brings electronic means of payment to hundreds of millions of individuals for the first time. Nokia Money also enables remote workers to safely send money to their families and it can be used to pay off microloans. It
provides instant money transfers in time-critical situations and saves travel time as well as reduces the risk of loss or theft. The Nokia Money initiative is based on Obopay’s platform and rolled out in partnership with operators, banks, retailers, agents, and local service providers.

**Nokia Siemens Networks - Village Connection**

Nokia Siemens Networks (NSN) Village Connection is bringing voice and internet connectivity to rural villages where traditional GSM network roll-out and operation would be too costly. This is achieved through implementing an IP-based network architecture and a business model of local village Access Points operated by village entrepreneurs. NSN markets the solution to GSM operators who form partnerships with the local entrepreneurs to run the local village Access Points. The village Access Points are owned and managed by the village entrepreneurs, who interconnect with the GSM operator, for external connectivity to other villages and networks.

**PETSTAR - Recycling services**

PETSTAR is a joint venture between Promotora Ambiental S.A.B. de CV (PASA), a publicly listed, leading Mexican environmental services business and Avangard, the largest collector of post-consumer plastic in Mexico. These companies formed PETSTAR in order to construct a PET processing plant, which was opened in 2009. The bottles are collected from waste separation centres, deposit centres, rural communities, schools and waste disposal sites. At waste disposal sites individual garbage sorting and recycling workers labour in poor working conditions, often as family units. PETSTAR is developing a programmatic social engagement plan directly targeted at addressing this systemic issue, thereby improving the scavengers’ working conditions and reducing the incidence of harmful informal child labour within its supply chain. In order to gain the scavengers’ trust, PETSTAR collaborated with different social and religious organisations that were already working on projects with the scavengers.
Real Microcrédito – Microfinance for small businesses in Brazil

Real Microcrédito is a microlending institution established by the Brazilian subsidiary of ABN AMRO, Banco Real ABN AMRO. The bank offers small loans to growing businesses that lack access to conventional forms of credit. In 2001, ABN AMRO approached ACCION for its professional expertise on credit methodology, product design and management services needed for launching a for-profit microlending subsidiary. Real Microcrédito began operations in July 2002 and disbursed its first loan in the São Paulo favela of Heliopolis the following month. Since mid-2006, Real Microcrédito has been expanding its operations to the Northeastern region. In 2007, Banco Real ABN AMRO was acquired by the Santander group and Réal Microcredito became the microcredit unit of Banco Real of Grupo Santander.

Tsinghua Tongfang - Changfeng computer

Tsinghua Tongfang, a computer company based in Beijing, partnered in 2005 with Beijing’s municipal government to develop the Changfeng computer, designed for rural users. Several features make these computers more accessible to rural people than standard personal computers: a low-cost operating system, customised software including a number of agriculture programmes developed together with software companies, hardware based on thorough research on rural users’ needs, as well as innovative rural training centres for farmers.

3.4 Reliability of data

In most of the selected cases, existing case studies and/or company web pages were the main sources of data, as can be seen in Table 1. However, in the cases of Nokia Lifetools and Nokia Microfinance, the main sources were the interview and material received from the company.
The use of existing case studies has both advantages and disadvantages in terms of reliability of data. The main advantage of using data from existing case studies is that the data has often been triangulated by the original authors. For example, in the UNDP case studies, the data has already been triangulated by the original case study writers, for instance, through interviews with a variety of stakeholders (UNDP, 2008). However, as most of the case studies did not focus specifically on partnerships, the information provided on partnerships was often not very comprehensive. Furthermore, the information on the case studies may have been outdated in some cases. In some cases, newer data were found from other sources, but in other cases, only the case data were used. However, it was not crucial for the purposes of the study to be sure that the data were not outdated, since also outdated information can provide good examples of how partnerships can be used in BOP business.

The data extracted directly from company sources, either through an interview, a company website, or other company material were regarded as relatively reliable, since companies are likely to possess the most accurate and updated information about their partnerships. The information that companies present on their websites is, of course, prepared specific stakeholders in mind and may have hidden agendas. However, as the nature of the information that was searched was rather fact-based, this was not considered a major issue.

### 3.5 Data analysis

First, a within-case analysis was conducted in order to get to know the individual cases as separate entities, as suggested by Eisenhardt (1989). This was done by reading through the collected data on each case and trying to understand and internalise how the partnerships operate in practice and what kinds of purposes they serve.

Then, the data on partnerships were categorised according to the type of actor collaborated with. Hence, the observed partnerships were listed under categories of
different types of actors: BOP individuals and communities/ NGOs and MFIs/ governments/ companies/ other. For example, in the case of Barclays Susu collectors initiative, the observed partnerships were listed under the categories of “BOP individuals and communities” and “NGOs and MFIs” by making the following notes:

BOP individuals and communities:

“Barclays engages the informal loan providers, “Susu collectors”, as loan collectors in the initiative. Barclays lends money to the collectors at an interest rate of 2.1 percent per month, which they on-lend to the market women at the same rate.”

NGOs and MFIs:

“Barclays initiated the process by contacting the Ghana Susu Collectors Association (GSCA) who provided 100 Susu collectors to be involved in a pilot programme. Ghana Microfinance Institutions Network (GHAMFIN, the umbrella organisation of GSCA) brokered the relationship. GHAMFIN was also involved in managing the initial training of the Susu collectors.”

Within these actor-specific categories, the data were further subcategorised based on the roles of the partners, e.g. in the case of BOP individuals and communities, whether they were engaged as suppliers or distributors. In addition, also other ways of subcategorising the data were experimented with, depending on the category. In the category of “BOP individuals and communities”, the data were further subcategorised based on whether the entrepreneurs were organised into associations or not and whether the partners were existing entrepreneurs or new entrepreneurs created by the company. In the category of “NGOs and MFIs”, the partnerships were further subcategorised on the basis on size of the organisation. Moreover, the government partnerships were further subcategorised based on whether the partner was a local-, regional-, municipal- or national government. Finally, in the “other” category, the data were subcategorised based on whether the partner was a university, an intergovernmental organisation, or a bilateral development agency. (See Section 4.1).
Next, on the basis of the observed roles that partners had in the cases, nine categories of partner roles were created. These were: co-developers, suppliers, distributors, complementors, customers, microfinance providers, brokers, funders, and impact assessors. The creation of these categories was not a simple task, and the categories had to be modified several times until all the pieces of case data fitted into them. Consequently, the data on partnerships were reorganised according to the role-specific categories. For instance, in the above mentioned example of Barclays Susu collectors initiative, the partnership with the Susu collectors was listed under the category of “distributors”, while the partnerships with GHAMFIN and GSCA were listed under the category of “brokers”. Within each of these categories, the data were further categorised based on the type of actor engaged in the role. Hence, the end result was a list of the types of actors that may be engaged as partners in each of the nine partner roles. (See Section 4.2).

Finally, a search for cross-case patterns was conducted by grouping the cases based on any variables that were thought to possibly have an influence on what kinds of partnerships companies engage in. The purpose was to look for within group similarities coupled with intergroup differences (either in terms of the types of actors the companies partnered with or the roles in which they engaged partners), as suggested by Eisenhardt (1989). First, a comparison was made between cases of local and foreign companies. Then, cross-case patterns were searched based on the country of operation and the sector, to the extent that it was possible, as most of the sectors and most of the countries were represented in the study only by one case.

3.6 Validity and reliability of research

Four tests are commonly used to assess the quality of any empirical social research: construct validity, internal validity, external validity, and reliability (Yin, 2003). Construct validity refers to establishing correct operational measures for the concepts being studied, internal validity is concerned with establishing causal relationships
correctly, external validity deals with the generalisation of results, and the condition for reliability is that the operations of the study can be repeated with the same results.

In order to pass the external validity test, the research findings should be generalisable beyond the immediate case study. In this study, the external validity was enhanced through using multiple cases from different sectors and comparing the findings of the case study to the findings of the previous research, hence, generalising the findings to theory (Yin, 2003).

Moreover, the construct validity and the reliability of the study were enhanced through maintaining a chain of evidence by collecting the data in an organised manner into a case study database and reporting the data collection and analysis process (as was done in the previous sections) (Yin, 2003).

Finally, the internal validity test seems to be less relevant for the purposes of assessing the validity of this research, since it is only a concern when causal relationships are established (Yin, 2003), which was not the case in this study.

3.7 Limitations

The number of cases is limited to 20 and had it been greater, more conclusions could have been drawn, for example, from a more extensive comparison between cases from different sectors than what could be done in this study. Although cases from many different sectors were included in the study, most of the sectors were represented only by one case, and thus, many sector-specific conclusions could not be drawn. Still, 20 cases is a relatively large sample in a case study and allows a fair amount of various observations to be made.

Some limitations also arise from the fact that in most of the cases, the findings are solely based on secondary data, which do not focus on partnerships per se. Thus, the descriptions of various partners’ roles may be incomplete on some parts. Moreover, all
the partnerships that companies had formed in their BOP activities were most likely not covered. However, it was not crucial for the purposes of the study to capture the entire partner networks of any single companies, since the aim was rather to collect examples of various types of partnerships that companies can form in BOP business.
4 Findings

The findings of the study are presented in two sections. Section 4.1 describes what kinds of actors companies partnered with in the analysed cases and what kinds of roles these partners were engaged in. Based on these findings, nine categories of roles that partners can take emerged. These were: co-developers, suppliers, distributors, complementors, customers, microfinance providers, brokers, funders, and impact assessors. Section 4.2 explains these roles and the reasons why companies may need partners in them. Furthermore, the section describes what kinds of actors companies engaged as partners in each of the roles.

4.1 Partnerships with different actors in the examined cases

This section describes what kinds of partners companies collaborated with and what kinds of roles these partners had in the analysed cases.

4.1.1 Partnerships with BOP individuals and communities

The study included several cases in which either products or services were sourced from or distributed through BOP entrepreneurs. These types of roles of BOP entrepreneurs were discussed also in the previous literature. Furthermore, as noted by UNDP (2008), the people at the BOP could be involved also in conducting market research, giving community-based training, and co-creating innovations. However, the analysed cases did not include any examples of these roles.

Engaging BOP entrepreneurs as suppliers

Many of the examined companies sourced products or services from the BOP. In the cases of the cocofibre nets manufacturer CocoTech, the Integrated Tamale Fruit Company (ITFC), and Grameen Danone’s Shoktidoi yoghurt, BOP entrepreneurs were engaged as agricultural suppliers. In addition, BOP entrepreneurs were engaged as plant
collectors for Natura’s cosmetics products, as manufacturers of CocoTech nets, and as service subcontractors in Manila Water’s supply chain.

Usually, the BOP suppliers were organised into associations or cooperatives. Some of these organisations existed already before the cooperation with the company, while others were created with the help of the companies. In the cases of Grameen Danone’s Shoktidoi milk producers and CocoTech coconut farmers, the farmers had been producing the sourced products already before the cooperation with the companies and had already established farmers’ cooperatives that the companies could cooperate with. In contrast, the companies introducing new products or activities to the BOP entrepreneurs (Natura, ITFC, and Manila Water) created new suppliers’ organisations to cooperate with. Organising suppliers into formal organisations may be important, for instance, to ensure local participation or to facilitate the process of making contracts. For example, Natura organised its suppliers into a formal association in order to be able to make formal contracts with them. ITFC, on the other hand, organised the farmers into an association known as the Organic Mango Outgrowers Association (OMOA) in order to ensure local participation in the management of the scheme. This association primarily plays an intermediary role between ITFC and the local farmers; it is also the mouthpiece and advocate for the farmers, meeting quarterly with farmers and monthly with ITFC. Although OMOA initially began with funding from ITFC and later from NGOs and other donors, the plan is for OMOA to eventually become self-sustaining with contributions from their members.

**Engaging BOP entrepreneurs as distributors**

Several companies also engaged BOP entrepreneurs as distributors of products or services. BOP entrepreneurs were engaged as product retailers in the case Grameen Danone’s Shoktidoi yoghurt. In service businesses models, BOP entrepreneurs were engaged as loan collectors in Barclays’ Susu collectors initiative and as service providers for their communities in NSN’s Village Connection model, Grameen Phone’s Village Phone business, and Freeplay Energy’s Weza project.
When distributing products or services through BOP entrepreneurs, some ventures utilised already existing entrepreneurs and entrepreneurs’ organisations in their distribution efforts, while others created new entrepreneurs to cooperate with. One example of cooperating with an existing organisation and entrepreneurs is the Barclays’ Susu collectors initiative, in which Barclays cooperated with the Ghana Susu Collectors Association, which provided the Susu collectors to be involved in the programme. Another example of utilising existing entrepreneurs is the use of existing local retail outlets as distribution channels, like in the case of Grameen Danone’s Shoktidoi yoghurt. In other cases, companies created new microentrepreneurs to operate as their distribution channels. Grameen Danone created new entrepreneurs, Grameen Ladies, to distribute the Shoktidoi yoghurt door-to-door. Also, NSN’s Village Connection, GrameenPhone’s Village Phone and Freoplay Energy’s Weza project all require developing new microenterprises to operate as service providers for their communities.

**Engaging BOP entrepreneurs through microfranchising**

Most of the cases in which BOP individuals were engaged as entrepreneurs, especially in the distribution of products and services, can be classified as microfranchising in the sense that some streamlining of processes and replication takes place in them. For example, the Village Phone, Village Connection, and Weza project are based on franchising a replicable business format to microenterprises. However, since the definition of microfranchising is still developing, it is hard to draw an exact line between what is microfranchising and what is not.

**4.1.2 Partnerships with NGOs and MFIs**

As suggested by the literature, NGOs and non-profit MFIs had important and versatile roles in many of the examined cases. Also, in one of the cases, a partnership with a commercial MFI was formed. Some of the partnerships were joint ventures, while others had looser forms of cooperation.
All the joint ventures were formed between foreign MNCs and large NGOs. In 2002, ABN AMRO created a joint venture, Real Microcrédito, together with the global microfinance organisation ACCION. Although ABN AMRO owned the majority of shares, all major decisions were made jointly between the parties. ACCION provided the technical expertise in micro-lending, while ABN AMRO provided its strong financial background, infrastructure and banking network in Brazil. Another example of a joint venture between an MNC and an NGO is Grameen Phone, a for-profit joint venture between Telenor (55.8%), the Norwegian telecommunications service provider, and Grameen Telecom Corporation (34.2%), a non-profit sister concern of the micro-credit pioneer Grameen Bank. Grameen Phone is operated by Telenor managers and provides telecom network infrastructure and sells airtime in bulk, with a discount to Grameen Telecom. Grameen Telecom sells mobile phone services to the local operators, trains them, and takes on the key role of linking and organising the Village Phone service operation. Also Grameen Bank is involved in the business through making loans to the operators and collecting phone bills from them to send to Grameen Telecom. Moreover, the Grameen Group is also a joint venture partner in another, very different joint venture. Grameen Danone is a Bangladeshi-based joint venture between the Grameen Group and Groupe Danone, in which each partner put in half the capital. This venture is social business, i.e. paying no dividends. Danone’s role is to provide the expertise in technical areas such as construction, plant maintenance and yogurt production, while Grameen bring their understanding of the local environment together with their extensive networks.

Also in other forms of cooperation than joint ventures, foreign companies seemed to prefer large national or international organisations as partners. Barclays partnered with the Ghana Microfinance Institutions Network to broker the relationship to the Susu collectors’ organisation, while Freeplay Energy’s microentrepreneurs in Rwanda received microfinance from CARE Rwanda, the local branch of a global charity organisation.

Also local companies and MNCs originating from developing countries partnered in most cases with NGOs, which indicates that as suggested by the literature, local
companies can be nearly as unfamiliar with the BOP markets as foreign companies (e.g. London & Hart, 2004, Sánchez et al., 2005), and therefore, need the help of actors that are close to the BOP when entering the markets. However, in contrast to foreign companies, local companies mainly used small or mid-sized local NGOs as partners. The Mexican recycling services company PETSTAR collaborated with different social and religious organisations that were already working on projects with the scavengers in order to gain the scavengers’ trust. In addition, a local NGO, Mundo Sustentable, was involved in PETSTAR’s research about scavengers. Furthermore, the Brazilian cosmetics company Natura partnered with local NGOs to get in-depth knowledge of the local communities. Finally, Amanco, the leading Latin American water management systems provider, which is currently owned by the Mexican MNC Mexichem, engaged NGOs to distribute and promote their micro-irrigation systems, help farmers to gain access to consumer microfinance, and support them in installation. To implement its business model in Mexico, Amanco partnered with the international social entrepreneurship organisation Ashoka, which helped Amanco find the local NGO partners.

Interestingly, also Grameen Danone, although partly owned and operated by an NGO itself, cooperates with several other NGOs. The international NGO GAIN provided the joint venture with technical expertise in fortification and social marketing and funded a study on the products impact. Furthermore, Grameen Danone trained local NGOs to work with farmers and support farm improvements.

One of the examined ventures, namely Nokia, formed a partnership with a for-profit microfinance institution. Nokia partnered with India’s largest microfinance institution, SKS microfinance, not only to provide consumers with credit to purchase its phones, but also to distribute the phones to the rural villages in India.

4.1.3 Partnerships with governments

The BOP literature discusses the governments’ role in BOP ventures relatively little, mainly focusing on their role in giving regulatory support. However, regulatory support
is perhaps too narrow a term to describe the extensive role that national, regional, or local government organisations had in some of the cases analysed.

Not surprisingly, both the Chinese companies that were analysed, Tsinghua Tongfang and Huatai Paper, had very extensive collaboration with governmental bodies. The support and investment of the Beijing municipal government was important for the computer manufacturer Tsinghua Tongfang to start exploring the rural computer market, which was considered too risky to enter for any single computer company. Tsinghua Tongfang got initial funding from the Beijing Municipal Government Commission for Science and Technology (BMGCST) to develop a special computer designed for the rural users. Also, the company uses various rural information development and educational programmes supported by the BMGCST to reach the rural customers. For example, Tsinghua Tongfang sells computers to the BMGST to be used in the Beijing rural information centres. Moreover, another government agency, Beijing Software Industry Productivity Center (BSIPC), helped Tsinghua Tongfang to select five appropriate partners to develop programmes for the rural customers. BSIPC also tested the quality of the computers before they were introduced to the market, which increased their credibility. Huatai Paper, on the other hand, helped the local government create a planting plan that was suitable for fast-growing trees and provides land leasing in partnership with the local government.

Also in the cases of CocoTech and Danone Poland, government organisations had major roles. CocoTech cooperated with the Filipino government to investigate the commercial uses of the coconut husks and also sells some of the manufactured nets to government projects. Furthermore, CocoTech cooperated with the local government to organise the BOP suppliers. Finally, Danone Poland partnered with the Institute of Mother and Child (state child healthcare and nutrition organisation, IMC), which supported the Milk Start project with their expertise in nutrition and advised on nutritional recommendations to be met by the product. Once the product was developed, IMC gave it their full endorsement. IMC receives an annual fee from Danone at a level of one percent of total sale.
Public-private partnerships can also take place in the utilities sector. For instance, LYDEC made a 30 year agent management contract with the national and local Moroccan authorities to provide access to electricity, water and wastewater collection services to the inhabitants of Casablanca. In this partnership, public authorities are the decision makers who oversee implementation of projects, while the private partner is responsible for providing technical expertise and relied upon because of its ability to introduce new methods and technologies.

4.1.4 Partnerships with companies

The literature suggests that companies can cooperate in BOP business by aligning complementary investments, sharing costs of investments, setting common standards, and lobbying governments together. However, in the examined cases, aligning complementary investments was the only one of the suggested ways of partnering that was observed. Indeed, the most common rationale for cooperation between companies seemed to be the utilisation of complementary capabilities to co-develop businesses models or offerings. In addition, companies were also used as suppliers, distributors, and buyers in the cases. Companies partnered with each other in many different ways ranging from joint venture to more loose forms of cooperation, such as a customer-provider relationship.

In some cases, inter-company alliances were formed to develop BOP business models. In one of the cases, the companies formed a joint venture to do this: PETSTAR is a joint venture between Promotora Ambiental S.A.B. de CV (PASA), a publicly listed, leading Mexican environmental services business and Avangard, the largest collector of post-consumer plastic in Mexico. Together these companies created a solution for recycling plastic bottles, while helping scavengers collecting the bottles. Furthermore, Danone Poland developed the Milk Start business model together with two companies: Lubella SA, a manufacturer of instant products, and Biedronka, the largest food retailer in Poland. Lubella contributed their experience in children’s food manufacturing to the project and ultimately took on the responsibility of producing Milk Start and Biedronka
contributed their experience in food distribution to the project and was responsible for distribution and in-store sales.

In some cases, partner companies from complementary lines of business were providing complementary offerings. Tsinghua Tongfang partnered with five software companies to work together to develop a Linux software, agriculture programmes and a long-distance education programme for the rural customers. Various complementary providers are also involved in Nokia’s BOP business models. Providing the Nokia Life Tools services requires a complex ecosystem of different companies including content providers and operators. Moreover, Nokia Money is enabled by complementary providers such as Obopay’s payment platform and YES BANK.

Companies were also suppliers and customers in the business models. Companies were engaged as suppliers, for example, by LYDEC, which uses subcontractors to establish its electricity networks and by Tsinghua Tongfang, which sources its hardware components from companies. As partner customers, companies were engaged by NSN, which sells its Village Connection solution to operators and by PETSTAR, which has made sales contracts with companies such as Danone and Pepsi.

### 4.1.5 Other partnerships

As suggested by the literature, also donors, intergovernmental organisations (IGOs), and research/academic institutions were engaged as partners in the cases.

IGOs and bilateral development agencies provided funding in some of the cases. For example, Grameen Phone got funding from the Asian Development Bank (ADB), the International Finance Corporation (IFC, the World Bank Group's private sector lender), the Commonwealth Development Corporation, and the Norwegian Agency for Development (NORAD). Furthermore, ABN AMRO and ACCION’s Real Microcrédito got some of its start up funding from the United States Agency for International Development (USAID), while some of LYDEC’s projects got funding from the World Bank and the French Development Agency. The funding could also be combined with
other type of support, like in the case of PETSTAR, which got some of its funding as well as technical support from the IFC.

IGOs may also be extensively involved in developing the business models together with the companies. For instance, the United Nations Development Programme (UNDP) assisted ANZ Bank with its microfinance initiative’s feasibility assessment work by sharing experience on microfinance schemes, providing information on the rural economy and validating that the poor are bankable. UNDP continues to participate in the steering committee to share information and monitor the impact of the service. UNDP also lent its support to the bank in securing specific dispensations from the Reserve Bank and made a joint presentation to ministers to seek endorsement for the initiative.

The academic institutions’ role was most often to take part in evaluating the social or environmental impact of the ventures. In the case of Grameen Danone’s Shoktidoi yoghurt, the American John Hopkins University carried a research on the health of Bangladeshi children. In the case of PETSTAR, the Institute of Social Research of the Universidad Autónoma de Nuevo León, in collaboration with the NGO Mundo Sustentable, interviewed scavengers and helped building tools for PETSTAR to be able to monitor on a yearly basis the evolution of child labour and the scavengers’ working conditions.

4.1.6 Conclusion

The findings presented in this section complement and extend the list of roles that were suggested for each of the actors by the literature, especially concerning the roles that government agencies can take, which were found to be more extensive than the literature would suggest. On the other hand, the study did not find examples of all the roles that the literature suggested for some of the actors. For example, the people at the BOP were not involved in conducting market research, giving community-based training, or co-creating innovations. Also, there were no observations of companies sharing costs of investments, setting common standards, or lobbying governments. The
lack of these kinds of observations can be explained by the limited number of cases analysed. Still, the lack of observations in 20 cases shows that those types of partnerships are at least not typical in BOP business.

4.2 Partner roles in BOP business

On the basis of the findings presented in the previous section on how different actors were engaged with in the analysed cases, nine categories of partner roles emerged. These are: co-developers, suppliers, distributors, complementors, customers, microfinance providers, brokers, funders, and impact assessors. This section explains these roles and the reasons why companies may need partners in them. Furthermore, this section describes what kinds of actors companies engaged as partners in each of the roles.

4.2.1 Co-developers

Co-developers are partners involved in the developing of the offering or the business model. These partners can contribute to the development process, for example, through providing their expertise on the BOP environment or on a specific industry, helping companies to find other partners, or providing regulatory support. In many cases, the partners involved in developing the offerings or business models had also other roles in the business models, and sometimes, it was hard to find out to what extent a partner was involved in the development process. Hence, the partnerships mentioned in this category include only cases in which the partners’ involvement as co-developers was clear and extensive.

Companies may find it difficult to develop suitable business models and offerings for the markets alone because of insufficient knowledge and understanding on the BOP markets. Therefore, partners with in-depth knowledge about the BOP can help companies to develop solutions that fit the markets. In many of the examined cases, NGOs provided their expertise on the local environment to the ventures, as suggested
by the literature (e.g. Chesbrough et al., 2006; Drayton & Budinich, 2010; WBCSD, 2004a; Webb et al., 2010). Natura partnered with small local NGOs to get in-depth knowledge of the local communities, while ABN AMRO and Danone gained information about the markets from their partner NGOs that were large national or international organisations. In some cases, information on BOP markets could also be provided by an intergovernmental organisation as in the case of the ANZ Bank, which gained information about the rural economy from the UNDP. Furthermore, as pointed out in the literature, the local individuals and communities possess the deepest understanding of their environment and can thus also be engaged as co-development partners (UNDP, 2008). The examined cases did not, however, include any clear examples of this, although for example Nokia did incorporate the users’ views into its design process by having anthropologists doing research in the field.

Companies may also lack technical or industry expertise necessary in developing a new BOP business model. In some cases, companies utilised other companies’ industry expertise to develop solutions together. In the case of PETSTAR, both of the companies participating in the joint venture contributed with their different industry expertise, while in Tsinghua Tongfang’s case, the software companies’ industry expertise was needed to develop programmes for the rural users. In other cases, companies got help in exploring a new line of business from other types of actors that already had experience and expertise in the field. This was the case when banks decided to explore the microfinance market: ABN AMRO learned about the microfinance industry from its NGO partner ACCION, while the ANZ Bank gained this knowledge from an intergovernmental organisation, the UNDP. Also, when Danone developed its nutritionally fortified products, it benefited from the food fortification experience of its NGO partner, GAIN, to develop the Shoktidoi yoghurt and from the nutrition expertise of a governmental agency, IMC, to develop the Milk Start porridge.

Partners can also contribute to the developing of the business models by providing access to networks that can be used to find other partners. This was the case when the international NGO Ashoka helped Amanco to find its NGO partners or when a
municipal government agency helped Tsinghua Tongfang to find software companies to collaborate with.

Sometimes, developing a business model together with governmental agencies is necessary because of the government’s role in managing common resources or providing public services. For example, Huatai needed the local government’s involvement in developing its eucalyptus outgrower scheme because it has the rights over land. Furthermore, LYDEC engaged in a public-private partnership with the Moroccan authorities to provide electricity, water management, and sanitation services in Casablanca.

4.2.2 Suppliers

Suppliers are partners providing goods or services to the company. The partners operating as suppliers in the examined BOP cases were BOP entrepreneurs or companies. In the cases of CocoTech, Integrated Tamale Fruit Company (ITFC), and Grameen Danone’s Shoktidoi, BOP entrepreneurs were engaged as agricultural suppliers. In addition, BOP entrepreneurs were engaged in the supplier role as plant collectors for Natura’s cosmetics products, as twiners and weavers for CocoTech’s nets, and as service subcontractors in Manila Water’s supply chain. Companies, in contrast, were used as suppliers of products or services requiring more advanced technological capabilities. For example, companies were used as component suppliers to Tsinghua Tongfang computers and subcontractors establishing LYDEC’s electricity networks. Thus, although localisation of value production is sometimes recommended in the BOP literature (e.g. Jenkins et al., 2007; Weidner et al., 2010) its applicability is very case specific. It may often not be economically feasible to produce in small-scale or train BOP suppliers to produce technologically advanced products.

4.2.3 Distributors

Distributors are partners involved in the process of making a product or service available to the customer. Sometimes the distributor’s role in BOP business may also
include consumer training, like in the case of the NGOs distributing Amanco’s irrigation systems. The partners operating as distributors of products or services were most often BOP microentrepreneurs, although also larger companies, NGOs, and MFIs were utilised as distributors in some cases. As suggested by the literature, engaging BOP entrepreneurs as distributors may often be an effective strategy, since they already have the networks, presence in, and knowledge of the markets (Jenkins & Ishikawa, 2009; UNDP, 2008; Vachani & Smith, 2008). In service business, BOP individuals were engaged as loan collectors in Barclays’ Susu collectors initiative and as service providers for their communities in NSN’s Village Connection, Grameen Phone’s Village Phone, and Freeplay Energy’s Weza project. In product distribution, small BOP retailer shops as well as door-to-door distributors were used as rural distribution channels in the case of Grameen Danone’s Shoktidoi yoghurt, while in cities, the yoghurt was distributed through supermarkets. Also NGOs and MFIs may be effective distributors since they have extensive networks at the BOP and understanding of the markets. An additional advantage of using an MFI as a distribution channel is that it is also able to provide consumer credit to the customers. NGOs were utilised in product distribution in the case of Amanco and a commercial MFI acted as a distributor in the case of Nokia Microfinance.

4.2.4 Complementors

Complementors are defined here as partners providing complementary offerings that are essential for the usefulness of a company’s product or service. Many of such examples were found from the ICT sector’s BOP business models, in which the complementors were generally companies from complementary lines of business. For example, Nokia’s phones are provided together with a subscription from Airtel in rural India. Hence, Airtel’s service complements Nokia’s product and makes it usable. Furthermore, the examined mobile services were enabled by other companies: content providers and operators are essential complementors in the Nokia Life Tools offering, whereas a bank and Obopay’s payment platform are needed for the Nokia Money service to work.
4.2.5 Customers

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

4.2.6 Microfinance providers

Microfinance providers are partners providing funding either to BOP entrepreneurs or BOP consumers. Microfinance partners were mostly needed in business models engaging BOP entrepreneurs in ways that required substantial new investment from them. Attaching the microfinance possibility to a specific business model may facilitate the BOP entrepreneurs’ access to relatively large amount of credit, since the business models are usually at least to some extent proven concepts and may, therefore, come with a smaller risk. Also, microfinance partners may be needed when selling relatively expensive products to the BOP because of the BOP customers’ low purchasing power. The partners providing microfinance were either NGOs or commercial MFIs. NGOs provided microfinance for BOP entrepreneurs in the cases of Grameen Phone and Freoplay Energy, while a commercial MFI provided credit for BOP customers willing to purchase Nokia phones.

4.2.7 Brokers

Brokers are partners facilitating the cooperation with the individuals and communities at the BOP. Cooperating with BOP entrepreneurs requires the effort of finding the right
entrepreneurs, coordinating them and building their capacity. These tasks may be handled by the company alone, but in many cases, they may be beyond the company’s resources, since companies may often lack embeddedness and networks at the BOP. Thus, in the ventures engaging the BOP entrepreneurs, companies often partnered with other actors that were recruiting, training, and coordinating the microentrepreneurs and building trust towards them. Hence, these partners were brokering the relationship with the BOP entrepreneurs. Furthermore, as Simanis and Hart (2008) point out, facilitators or mediators may also be needed to interact with BOP consumers when co-developing innovations with them. However, as the examined cases did not include examples of this kind of co-development process, there were also no observations on using brokers in this way.

In many cases, the brokers were NGOs, but also local governments and producers’ organisations were sometimes engaged in this role. The tendency to use NGOs as brokers is not surprising, since as emphasised in the literature (e.g. Drayton & Budinich, 2010) NGOs have networks and embeddedness in the BOP. In Grameen Phone’s Village Phone model, the non-profit partner Grameen Telecom took over the responsibility of coordinating and training the Village Phone ladies. Furthermore, PETSTAR partnered with small NGOs to build trust towards the BOP scavengers, Grameen Danone partnered with NGOs in training the entrepreneurs, Barclays partnered with the national MFIs’ association who brokered the relationship to the Susu collectors and trained them, and Freeplay partnered with CARE Rwanda to recruit the entrepreneurs. In contrast, CocoTech used the help of a local government agency to organise the community partners. Finally, also the BOP producers’ associations could take the role of a broker. For example, in the case of ITFC, the Organic Mango Outgrowers Association (OMOA) plays an intermediary role between ITFC and the local farmers.

4.2.8 Funders

As the literature suggests, external capital providers may often be needed in BOP business (WBCSD, 2004b). Moreover, receiving external funding may be easier for
BOP ventures, since the poverty alleviating focus of the ventures can open up access to donor funding or loans from multilateral organisations. The funding can be received, for example, in the form of donor funds from bilateral development aid agencies, like in the case of Real Microcrédito, or as loans from intergovernmental organisations, like in the case of PETSTAR, or a combination of these, like in the cases of Grameen Phone and LYDEC. Sometimes, also grants from governmental agencies in the country of operation may be available, like in the case of Tsinghua Tongfang. Moreover, many other types of funders, such as private foundations or social loan and venture funds could be used, as suggested by the literature (WBCSD, 2004b).

4.2.9 Impact assessors

It may often be important for companies to be able to show to funders or other stakeholders that their BOP ventures do, indeed, have positive development effects. However, the impact of these ventures may be extremely difficult to measure and beyond the capabilities of the company, for example, due to the complexity of the social processes involved. Thus, companies may choose to use partners with research capabilities to provide assessments of the ventures impact. At the same time, a point of view of an external evaluator is likely to increase the credibility of the results.

Impact assessor partners were found only in a few cases. Most often, the impact assessors were universities, like in the cases of Grameen Danone’s Shoktidoi and PETSTAR, although in the case of PETSTAR, also an NGO was involved in the study. Sometimes, the impact assessment studies got funding from external sources: PETSTAR’s impact assessment was partly funded by the IFC and the efficacy study of Grameen Danone’s Shoktidoi was funded by the international NGO GAIN. Also partnering IGOs could be helpful in the impact assessor role, like in the case of ANZ bank, in which the UNDP is continuously monitoring the impact of the business. Finally, the impact assessors can also be companies, like in the case of LYDEC, whose Moroccan projects were evaluated by the social accountability evaluation company Vigeo.
4.2.10 Conclusion

To conclude, partners were engaged in the BOP business models in nine types of roles: as co-developers, suppliers, distributors, complementors, customers, microfinance providers, brokers, funders, and impact assessors. These roles are presented in Figure 2. All of these partner roles are, of course, not relevant for all the ventures operating at the BOP. For instance, the need for suppliers, distributors, partner customers, and complementors is naturally largely dependent on the type of business model. Furthermore, microfinance is needed only in cases requiring relatively large investment from either BOP entrepreneurs or consumers, while brokers are needed only in cases in which BOP individuals and communities are cooperated with.
A variety of partners was needed to fill the different roles. Table 3 presents what types of actors were engaged in each of the roles in the examined cases. The partners engaged as co-developers were NGOs, IGOs, other companies, and governmental agencies, although according to the literature, BOP individuals and communities could also be engaged in this role. The suppliers were BOP entrepreneurs or companies, while the distributors were BOP entrepreneurs, companies, or NGOs. Complementors were generally companies from complementary lines of business, while partner customers were governments or companies. Microfinance could be provided by NGOs, or...
commercial MFIs. Brokers, i.e. the partners recruiting, coordinating, and training BOP entrepreneurs, were most often NGOs, but also local governments and producers’ organisations were sometimes used in this role. Funders were bilateral development aid agencies, governmental agencies, and IGOs, although also various types of private actors could be used in this role. Finally, impact assessors were universities, NGOs, IGOs, or companies.

Table 3: Types of partners used in various partner roles

<table>
<thead>
<tr>
<th>Partner role</th>
<th>BOP</th>
<th>NGOs</th>
<th>Governments</th>
<th>Companies</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-developers</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Distributors</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Complementors</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td></td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Microfinance providers</td>
<td></td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Brokers</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Funders</td>
<td></td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Impact assessors</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>
5 Discussion

A great variety of different partnerships was found in the analysed BOP business models, which suggests that partnerships are important and can serve several different purposes in BOP business. BOP business requires a broad set of resources, and in many cases, it may be more feasible for a company to access these resources through partnerships than to develop the resources alone. As suggested by the literature (e.g. Hart, 2005; Klein, 2008; London & Hart, 2004; Prahalad, 2005; Wynburne & Wilson, 2008), the resources of non-traditional partners, such as NGOs and local microentrepreneurs, were indeed needed. However, also the more traditional partnerships with other companies and national governments played significant roles in many of the ventures analysed. The partnerships with other companies and governments have not been discussed much in the BOP literature, and hence, this thesis provided a more holistic perspective to partnerships. While the non-traditional partnerships are vital, also the role of more traditional partnerships in BOP business is important to understand in the BOP context.

Naturally, there are great differences in the partnership needs of different companies operating at the BOP. The need for partners is affected by the industry and the type of business model, the country of operation, as well as the origin of the company. Different industries and business models call for different kinds of partnerships. For example, in many of the ICT-related business models, the companies needed to form partnerships with other specialised companies from complementary fields. Furthermore, the country of operation can have an important impact in the partner selection. This applies especially to government partnerships, since the political system, the public administration structure, and the roles of different administrative bodies inevitably affect which, if any, government partners are potential partners for cooperation. Moreover, in some countries, the government’s role is so extensive that government partnerships may be hard to avoid. Finally, there can be differences in the partner choices depending on whether the company is foreign or local, since foreign companies seemed to partner with large NGOs, whereas local companies seemed to prefer smaller,
local organisations. One possible explanation for this is that it may be easier for local companies to find small local partners as they are likely to have better access to networks within their own countries. Another possible reason is that the foreign companies, which were mostly MNCs, want more scale to their business models, and thus, prefer to work with larger organisations that can cooperate with the company also when replicating the business model in other locations. However, other big differences in the partner needs of foreign and local companies were not observed. This supports the assumption that also local companies may face a great “psychic distance” to the BOP markets and hence, need to cooperate with actors that are close to the BOP.

The findings confirm that partnerships can be used to tackle many of the challenges of doing business at the BOP. For example, as suggested by Rivera-Santos and Rufin (2010), various gaps in the market ecosystems could be filled by creating new actors or partnering with existing actors. In the case of missing suppliers, new suppliers were created. In the case of missing traditional distribution channels, non-traditional partners, such as BOP entrepreneurs, NGOs or MFIs were used as distributors. Finally, in the case of missing complementary offerings, the offerings were developed together with partners in complementary lines of business. Also other types of challenges were tackled through partnerships. In many cases, the lack of resources needed for developing BOP business models, such as understanding of the BOP markets, expertise on specific industries, or partner networks was compensated by collaborating with co-developers that had the necessary resources. Furthermore, the challenges of finding the BOP microentrepreneurs, coordinating them, and building their capacity were tackled by engaging organisations close to the BOP as brokers. In some cases, the challenge of getting internal funding was solved by external capital providers. Furthermore, the challenge of measuring the impact of the ventures could be tackled through partnerships with actors with research capabilities as impact assessors.

In addition, partnerships with BOP entrepreneurs can also enhance the poverty alleviating impact of the BOP business. This can happen through providing existing BOP entrepreneurs better income opportunities, through creating new microentrepreneurs, and through capacity building, as suggested by WBCSD (2004a).
Although partnerships can help companies tackle many of the challenges of BOP business and enhance the ventures’ poverty alleviating impact, at the same time, forming and managing these partnerships may not be easy. First, the process of forming a partner network at the BOP can be more challenging than usual, since it often requires finding partners such as NGOs, which companies may be less familiar with. However, this process can be facilitated by other actors with the appropriate networks. Second, the process of engaging BOP entrepreneurs and building their capacity can be extremely challenging for a company located far away from the BOP. This task, however, can often be outsourced to other partners, such as NGOs. Third, as the partnerships in BOP business often require cooperation with actors from different sectors, factors such as different organisational cultures and conflicting goals, as mentioned by Smit et al. (2009), may hinder the collaboration. Although this study was not focused on the dynamics of the relationships between the partners, it came out that, for example, in the company-NGO joint venture Grameen Phone, the partners (Telenor and the Grameen Group) have, in fact, been in a fierce conflict over the ownership of the joint venture. However, the occurrence of this kind of conflicts can be made less likely with a careful selection of the partners and by making sure that the goals for the BOP venture and the responsibilities and rights of different partners are clearly agreed upon.
6 Conclusions

This study provided an overview of the different kinds of partnerships that companies form with various types of actors when doing business at the BOP. This is an important contribution to the BOP literature, since although the importance of partnerships in BOP business has been repeatedly emphasised, very comprehensive studies on the different roles that partners can have in BOP business have not been made before.

Drawing from the BOP literature and a case study of 20 BOP ventures, the thesis addressed the following questions:

What kinds of partnerships do companies engage in when doing business at the BOP?

- What types of actors do companies collaborate with in BOP business and why?
- What kinds of roles do the different partners have in the BOP business models?

Section 6.1 summarises the main findings and discusses the theoretical contribution of the study. Further, Section 6.2 presents the managerial and policy implications, after which Section 6.3 gives suggestions for further research.

6.1 Main findings and theoretical contribution

As suggested by the literature, partnerships can help companies gain access to the resources needed to tackle a variety of challenges at the BOP. This study found that especially challenges such as lack of resources needed for developing BOP business models, gaps in the market ecosystems, the challenges of finding, coordinating, and training the BOP microentrepreneurs, the difficulty of getting internal funding, and the challenges of measuring the impact of the ventures could be tackled through partnerships. Companies gained access to the resources needed to tackle these
challenges through partnerships with various types of actors. As suggested by the
literature (e.g. Hart, 2005; Klein, 2008; London & Hart, 2004; Prahalad, 2005;
Wynburne & Wilson, 2008), the resources of non-traditional partners, such as NGOs and
local microentrepreneurs, were indeed needed. However, also the more traditional
partnerships with other companies and national governments were important in many of
the ventures analysed.

Section 4.1 described the partnerships companies had formed with various types of
actors in the examined cases. The findings complemented and extended the list of roles
that were suggested for each of the actors by the literature, especially concerning the
roles that government agencies can take, which were found to be more extensive than
the literature suggested. On the other hand, the study did not find examples of all the
roles that were suggested by the literature for some of the actors. For example, the
people at the BOP were not involved in doing market research, giving community-based
training, or co-creating innovations. Also, there were no observations of companies
sharing costs of investments, setting common standards, or lobbying governments
together. The lack of these kinds of observations can be explained by the limited
number of cases analysed. Still, the lack of observations in 20 cases shows that those
types of partnerships are at least not typical in BOP business.

Based on the observed roles that partners were engaged in, Section 4.2 presented
taxonomy of the different roles that partners can take. The nine categories of partner
roles that emerged were: co-developers, suppliers, distributors, complementors,
customers, microfinance providers, brokers, funders, and impact assessors. A great
variety of partners was needed to fill the different roles. The partners engaged as co-
developers were NGOs, IGOs, other companies, and governmental agencies, although
according to the literature (e.g. UNDP, 2008), also BOP individuals and communities
could be engaged in this role. The suppliers were BOP entrepreneurs or companies,
while the distributors were BOP entrepreneurs, companies, or NGOs. Complementors
were generally companies from complementary lines of business, while partner
customers were governments or companies. Microfinance could be provided by NGOs,
or commercial MFIs. Brokers, i.e. the partners recruiting, coordinating, and training
BOP entrepreneurs, were most often NGOs, but also local governments and producers’ organisations were sometimes used in this role. Funders were bilateral development aid agencies, governmental agencies, and IGOs, although also various types of private actors could be used in this role, as suggested by the literature (WBCSD, 2004b). Finally, impact assessors were universities, NGOs, IGOs, or companies.

It was acknowledged in the study that the need for partnerships in BOP business is affected by factors such as the sector and the type of business model, the country of operation, as well as the origin of the company. Hence, the findings were presented as different possibilities to form partnerships, instead of promoting the various types partnerships as suitable for all companies doing business at the BOP.

By describing the different types of partner roles and actors that can fill them, this study provided a holistic picture of the partnerships in BOP business. While the previous BOP literature has given mostly examples of how specific types of actors could be cooperated with in BOP business models, this thesis was a systematic examination of which partner roles may be necessary in BOP business and which actors can fulfil these roles. Furthermore, the partnerships with other companies and governments have not been discussed much in the previous BOP literature, and hence, by including also these types of partnerships, the thesis provided new insights to the understanding of partnerships in BOP business. While the non-traditional partnerships are vital, also the role of the more traditional partnerships is important to understand in the BOP context.

One interesting finding was that there were no significant differences in the partner needs of foreign and local companies, except for the local companies’ tendency to partner with smaller and more local NGOs than the MNCs. This supports the assumption that also local companies may face a great “psychic distance” to the BOP markets (Sánchez et al., 2005) and hence, need to cooperate with actors that are close to the BOP. Most of the previous BOP literature has discussed partnerships from the point of view of foreign companies, while the partner needs of local companies have been left with less attention. Therefore, this thesis made an important contribution to understanding the partner needs of also local companies.
6.2 **Managerial and policy implications**

The findings of the thesis highlight the importance of partnerships for companies interested in doing business with the BOP. Furthermore, companies can use these findings as a guideline when planning their BOP business models to get an overview of what kinds of partners may be useful in BOP business. Similarly, also non-profit actors designing their own operation models for the BOP may benefit from the findings.

The present findings can also be looked at from the point of view of the partners. For example, government agencies and NGOs can use the findings to reflect on the possible roles they could take as partners of BOP ventures.

Finally, public sector actors can provide the information presented in this study to companies or other actors interested in doing business at the BOP. They could also facilitate the process of finding partners, for example, by providing contacts to intermediary organisations that have networks of potential partners.

6.3 **Suggestions for further research**

The categories of partner roles and the list of different partners engaged in them presented in this study were created on the basis of 20 cases and an extensive literature review. Therefore, it is likely to cover the most common partnerships used in BOP business. Still, the list of roles and actors filling the roles may not be completely exhaustive and may be complemented by further research.

This study had a wide perspective on partnerships in BOP business, including very different types of business models from various sectors and many types of partners in different types of roles. This wide perspective was chosen to enable broader applicability of the findings. However, in future studies, also narrower perspectives could provide fruitful insights. For instance, studies could focus on examining or comparing the partnerships used on specific sectors, in certain types of business models,
or in certain environments (different countries or rural/urban environments). Moreover, actor-specific research focusing, for instance, on public-private partnerships, or in contrast, role-specific research, concentrating, for example, on co-developers, brokers, or distributors in BOP business could provide interesting findings. Finally, one possibility would be to focus on a deeper examination of the partner network of a specific BOP venture, which could enable richer insights on the topic.
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http://www.dalberg.com/PDFs/Frontiers_Markets_content_print_marks.pdf


http://www.hks.harvard.edu/mrcbg/CSRI/publications/report_16_BUSINESS%20LINKAGESFINAL.pdf


http://www.monitor.com/Portals/0/MonitorContent/imported/MonitorUnitedStates/Articles/PDFs/Monitor_Emerging_Markets_NEDS_03_25_09.pdf


http://www.ncrc.org/global/australAsia/documents/Fiji_Art_1_3-29-05.pdf


Appendix: Sources of case data

Amanco

UNDP case study, 2008:  
http://growinginclusivemarkets.org/media/cases/Mexico_Amanco_2008.pdf

IFC case study, 2007:  
http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/p_MarketMovers_CS_Amanco/$FILE/MarketMovers_CS_Amanco.pdf

ANZ Bank

http://www.ncrc.org/global/australAsia/documents/Fiji_Art_1_3-29-05.pdf

ANZ website:  

Barclays Capital

UNDP case study, 2008:  
http://www.growinginclusivemarkets.org/media/cases/Ghana_Susu%20Collectors_2008.pdf

Coco Tech

UNDP case study, 2008:  
http://growinginclusivemarkets.org/media/cases/Philippines_CocoTech_2008.pdf

Danone Poland

UNDP case study, 2008:  
http://growinginclusivemarkets.org/media/cases/Poland_Danone_2008.pdf
Freeplay Energy

Freeplay Energy website:
http://www.freeplayenergy.com/aid-and-development/project/ree-rwanda


Grameen Phone


World Resources Institute case study, 2001:

Grameen Danone

Danone website:

Muhammad Yunus Centre website:
http://muhmmadyunus.org/images/stories/in_the_media/GDFL_BP_210510.pdf

Social Innovator website:
Huatai Paper

UNDP case study, 2008:

Business and Public Policy blog:
http://businessandpublicpolicy.wordpress.com/2010/06/03/huatai-paper-company-china/

Integrated Tamale Fruit Company

UNDP case study, 2008:

LYDEC

UNDP case study, 2008:
http://growinginclusivemarkets.org/media/cases/Morocco_Lydec_2008.pdf

Manila Water

UNDP case study, 2008:
http://growinginclusivemarkets.org/media/cases/Philippines_Manila%20Water_2008.pdf

Natura

UNDP case study, 2008:
http://growinginclusivemarkets.org/media/cases/Brazil_Natura_2008.pdf

Nokia (Lifetools)

Nokia press release, June 12, 2009:

Interview with Sanna Eskelinen, head of Nokia’s industry marketing activities in the emerging markets. Nokia headquarters, Espoo, 23.7.2009.

Internal presentation material received from Antti Vanhanen, Roll-out manager of Nokia Life Tools, in May 2010.
Nokia (Microfinance)

Nokia’s Expanding Horizons publication 1/2009:

Interview with Sanna Eskelinen, head of Nokia’s industry marketing activities in the emerging markets. Nokia headquarters, Espoo, 23.7.2009.

Nokia (Money)

Nokia blog:

Nokia website:
http://www.nokia.co.in/services-and-apps/money
http://europe.nokia.com/find-products/nokia-money

Nokia Siemens Networks


NSN website:
http://www.nokiasiemensnetworks.com/sites/default/files/Village_Connection_WP.pdf

PETSTAR

UNDP case study, 2008:
http://growinginclusivemarkets.org/media/cases/Mexico_Petstar_2008.pdf

IFC Press release, April 22, 2009:
Real Microcrédito


ACCION website:  

WBCSD case study, 2004:  

Tsinghua Tongfang

UNDP case study, 2008:  