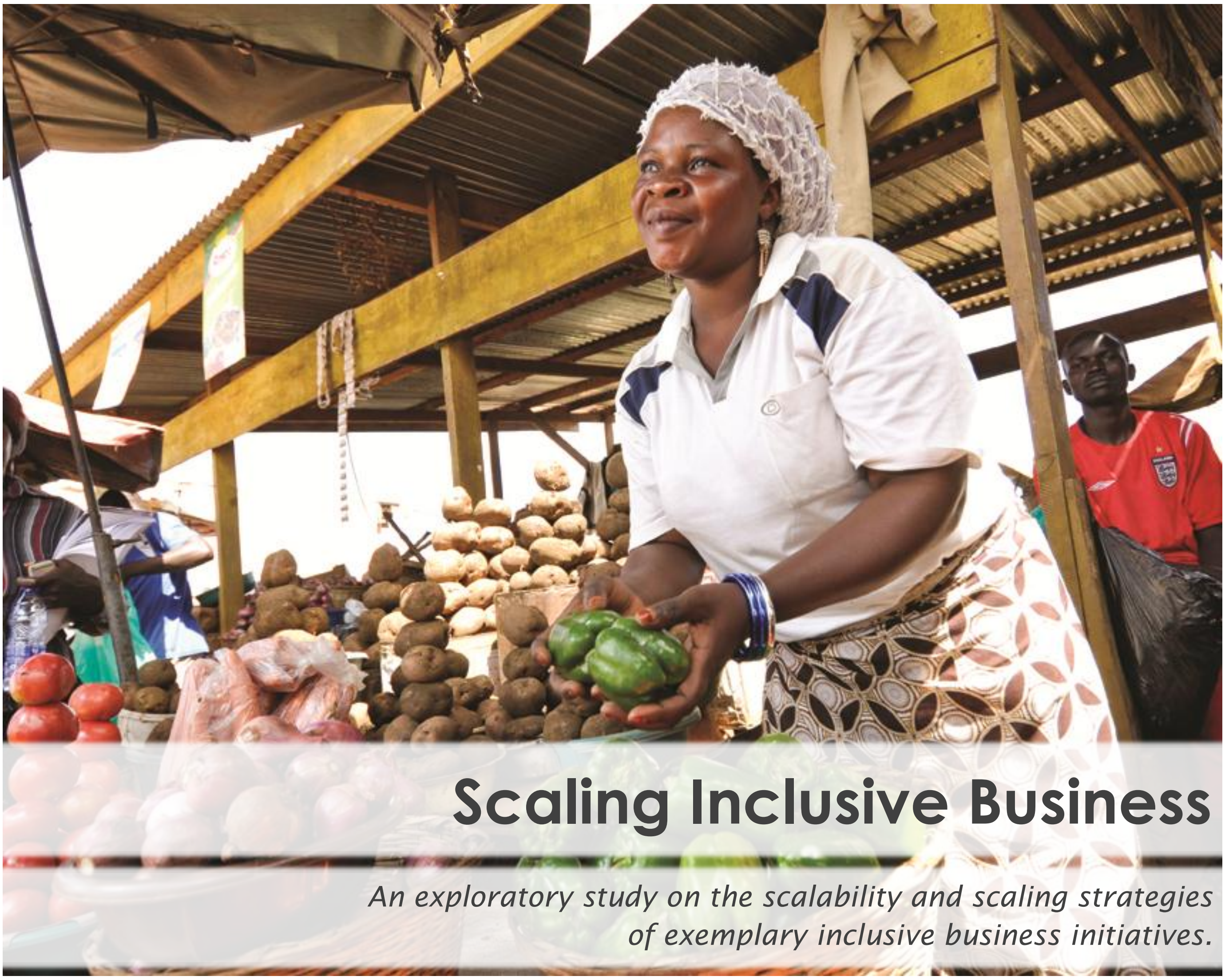

Scaling Inclusive Business

An exploratory study on the scalability and scaling strategies of exemplary inclusive business initiatives.

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SEPTEMBER 2012

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DISCLAIMER

EXECUTIVE SUMMARY

Inclusive business intends to effectively include neglected population groups in economic development and thereby alleviate poverty through the participation of business in development efforts. These business models which initially started with the introduction of bottom of the pyramid strategies have triggered much interest and discussion and over time have been refined and developed by both scholars and practitioners.

For inclusive business to really make a development impact and reach a large number of people, initiatives must scale in order to achieve a certain degree of financial viability that will result in business continuation, and attract interest and commitment from the private sector. Scaling initiatives thus not only enables profitability, given the typical low margins in BOP markets, but due to the wider reach and greater impact, would have an amplifying effect on the link between inclusive business and inclusive growth.

Although several successful initiatives have been identified, the majority of the initiatives have resulted in limited success as they remain small, do not generate profits or sometimes do not succeed at all. For inclusive business to fulfill its overall purpose, it is essential that initiatives are effective and operate at a sufficiently large scale. It is therefore important to understand what limits them from achieving this.

Given these insights this study aims to explore the scaling of inclusive initiatives and their effectiveness to contribute to inclusive growth. This is done through an empirical study which links the concepts of inclusive business with scaling and explores the relation between the key attributes of inclusive business models and the different scaling strategies. The research design accommodating the study uses a case survey approach by conducting a content analysis of 70 exemplary inclusive business case studies derived from online sources.

The empirical part of this research shows that 80% of the initiatives show intent to scale. The preferred way of scaling focuses on using existing products or services by scaling wide or scaling up. Thus, by leveraging current resources a more instinctive and safer way of moving forward can be realized. Furthermore, the research also suggests that for exemplary inclusive initiatives the link between inclusive business and inclusive growth is not well established, thus the effectiveness to contribute to inclusive growth is not very strong and can be improved.

Finally it is discovered that most of the exemplary initiatives used in this research are still operating several years after their establishment. A further analysis showed that initiatives which currently still operate likely have a higher score for business case. Highlighting the importance of ensuring social and economic objectives are mutually reinforcing, that initiative is financially viable, and utilizes long term objectives.

Overall this study provides insight into the current state of inclusive businesses and the challenge of scaling. Inclusive initiatives are potentially a significant measure against poverty. However, to have any real impact the initiative must scale. Scaling isn't an easy task and therefore many initiatives may not thrive, yet it seems that to have any chance at succeeding the initiative must be commercially viable.

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1 INTRODUCTION

Recently market led initiatives to fight poverty have become quite popular (Karamchandani et al., 2009). These models which involve people living in poverty in any stage throughout the value chain promise to generate jobs, income, skills and capabilities, while providing opportunities and access to more affordable products and services (Gradll & Knobloch, 2010). However, in order to meet the great needs of four billion people living in poverty a significant increase is needed in the number of commercially sustainable initiatives operating at scale (Marquez et al. 2010; Jenkins & Ishikawa , 2010; Hammond, 2011). For business reasons scaling is important to compensate for low margins and reach commercial viability, and development reasons to match the need on a sustained basis (Jenkins and Ishikawa, 2010).

Unfortunately, not many companies have been able to achieve inclusive business' potential for business growth and development impact at scale (Gradl & Jenkins, 2011). Hundreds of inclusive business cases have been documented, yet most still need to reach significant scale (Karamchandani et al, 2009; Jenkins & Ishikawa, 2010; London & Hart, 2011; Gradl & Jenkins, 2011,). Given these insights this study aims to explore the scaling of inclusive initiatives and their effectiveness to contribute to inclusive growth.

1.1 Purpose

In the first sections the literature review focuses on three key concepts; inclusive business, scaling and partnerships. The study of literature intends to provide an explorative overview of what inclusive business is, why scaling is significant for inclusive business and what the challenges of scaling are. Given the importance of partnerships in poverty alleviation and development, the literature review also discusses what the role is of partnerships in inclusive business and in the scaling of initiatives.

Given the fragmented nature of the existing knowledgebase, the empirical research aims to explore the scaling of inclusive business initiatives and the effectiveness of initiatives to contribute to inclusive growth. As a result the research question leading this study entails;

"Do exemplary inclusive business models comprise the potential for inclusive scaling?"

The research links the concepts of inclusive business with scaling, and explores relations between key attributes of inclusive business models and the potential scaling strategies and as a result aims to provide insight of what initiatives are currently doing.

1.2 Methods

The research started with a literature study that was established using a structured search for articles (see **Error! Reference source not found.** & **Error! Reference source not found.**) and a narrative approach to the literature review.

Following the empirical part consists of an exploratory research looking into the potential for scale with regards to a sample of 70 exemplary inclusive business cases. In order to conduct the empirical research a mixed method research strategy was used known as case survey. This is a relatively novel research method using a using a structured content analysis approach to extract data from a large amount of case studies through an a priori developed coding scheme.

1.3 Composition

After discussing a general background of the topic, the research opens with an extensive literature review covering the key concepts of inclusive business, scaling, partnerships and their interrelations. After a thorough discussion a synthesis provided of the preliminary literature findings and some initial expectations.

Chapter 3 describes the chosen methods and considerations used for the empirical part of the study. Whereas chapter 4 presents the initial empirical results, chapter 5 discusses these results in relation to the findings from literature and makes some general assumptions. Furthermore some policy implication and research limitations are discussed briefly. Finally, the research completes in chapter 6 in which the conclusions are discussed with regards to the overall research.

2 LITERATURE REVIEW

2.1 Background

2.1.1 A Shifting Development Paradigm

Van Tulder (2010) explains how the development paradigm has moved through four stages over the past 60 years. Whereas in the first stage (1950s and 1960s) development agenda mainly consisted of the role of the state in providing public goods, and in the second stage (1970s and 1980s) was complemented by an increasing role of civil society, companies in these stage were perceived as part of the problem. In these periods there was increased effort to regulate corporate activity both in developed and developing countries (R. Jenkins, 2005).

By the end of the 1980s government intervention diminished as a result of the rise of globalization (R. Jenkins, 2005), moving the development paradigm into its third phase. This era was characterized by the Washington consensus and an increasing emphasis of foreign direct investment (FDI) and multinational corporations for the generation of economic growth (Van Tulder, 2010). This era did not hold long. A decade later the flaws of the capitalist system became more obvious and the enthusiasm of development actors diminished (S. L. Hart, 2005; R. Jenkins, 2005; London, 2007). Hart (2005) describes that as the rich became richer and the poor became poorer, anti-globalization were increasing. These "combined concerns about environmental degradation, human rights, inequity, cultural imperialism and loss of local autonomy" (p.xxxviii). The development logic of passively expecting economic growth to emerge, by merely stimulating free markets, has proven inadequate.

The most current phase of the development paradigm recognizes the issue of global poverty as a wicked problem. Actors from all three societal spheres have implicitly agreed that poverty reduction and development could not be achieved by the market alone (R. Jenkins, 2005; Prahalad, 2005). The institutional void was caused by the different sectorial failures; "these include governmental or governance failure in achieving many of the official goals of development aid ..., civic failure in reaching the poorest parts of populations in a more or less efficient manner by development NGOs..., and market failure in creating sustainable business models and providing public goods for impoverished people in developing countries (cf. Van Tulder, 2008)" (Van Tulder, 2010, p4). The solution thus lies in the balance of all three societal spheres. In recognition of these major challenges current development thinking is centered on filling the institutional void through cross-sector partnerships based on a shared vision of sustainability, and a shared commitment to its achievement (Van Tulder, 2010).

2.1.2 Business in Development

The transformed development paradigm shows that next to the state and civil society, the private sector does have a role to play in creating sustainable development (Van Tulder, Fortanier, & Da Rosa, 2010). There have been increasing appeals from international organizations for a greater involvement of companies (Frynas, 2008; Ansari et al., 2012). As providers of goods and services, labour opportunities and investment, the private sector is essential in poverty alleviation (Ansari et al., 2012).

Jenkins (2005) analyses three channels through which FDI as a development tool can contribute to poverty; the enterprise channel which has an effect on employees and demand for suppliers, the distribution channel affecting consumers, and the government revenue channel affecting the extent to which governments are able to obtain foreign capital through taxes. In his conclusion of reviewing business as usual, Jenkins explains that although FDI may lead economic growth for a country, the poverty alleviation effect is limited and in some cases even negative. The enterprise channel effect is limited as employment created often requires more skilled labor and is typically located in areas inhabited by the poor, as a result the poor are rarely included. The distribution channel is limited as in practice the market for the poor in light of alternatives is not significant for MNCs. Finally, the government revenue channel is inadequate as the consequence of large scale tax avoidance by MNCs since the rise of globalization.

It is clear that in order to contribute to development, more is demanded from business than merely business as usual. However, the major challenge is how to harness the social potential of the private sector while dealing with the many forms of irresponsibility that are common in corporate conduct. Nevertheless, in hoping to effectively involve companies in the quest for sustainable development many look to CSR for resolving these opposing realities (Newell & Frynas, 2007; Barkemeyer, 2009;).

According to Blowfield (2009), for business the "*business case"* for CSR is essential to legitimize social and environmental issues. A positive correlation between corporate responsibility and business performance shows that business has interests in acting in a socially responsible manner as initiatives can be used to achieve corporate objectives (Frynas, 2008). Therefore a justification can be made for the adoption of CSR, and in the developing country context, attention to business' impact on poverty.

A lot of literature in the field of CSR has focused on building the business case (Frynas, 2008; Barkemeyer, 2009; Blowfield, 2009). Blowfield (2009) reviewed the existing propositions that show positive, negative or no relation between CSR and business performance and concludes that even though CSR is most likely to have a strong positive impact on intangible rather than tangible aspects of business performance, the evidence of a positive correlation is often weak. Nevertheless, the evidence of a negative correlation is also weak. He therefore suggests that the business case for CSR provides little justification for business to consciously benefit the poor.

Letting go of the disagreements on the link of CSR on business performance, Jenkins (2005), explores development case for CSR by discussing the impact of CSR on poverty alleviation. To do this he analyses how the practice of CSR can enhance the effects of the enterprise, distribution and government revenue channels. Jenkins agrees along with several other scholars (Utting, 2003; Blowfield, 2008; Jędrzej G. Frynas, 2008; Barkemeyer, 2009) that despite the enthusiasm of development actors, there is doubt that the adoption of CSR will make economic growth more inclusive. There is an incompatibility between the aspirational agenda of development and what companies are essentially doing (Utting, 2003; Blowfield, 2008).

The main concern here is that CSR initiatives generally do not focus on poverty alleviation as the main goal (R. Jenkins, 2005). CSR is mainly used instrumentally in order to achieve some kind of corporate advantage and as a consequence is *"focused on add-on measures and technical solutions"* (Barkemeyer, 2009, p. 276) while neglecting the addressed contextual environment and target group to a certain extent (Frynas 2005, as cited by Barkemeyer). Focusing on narrow issues of sustainable development such as the environment, human and labor rights, Utting (2003) explains it is *"tinkering around the edges of the problem"* (p. 7). CSR is conducted by double standards, taking a lead on certain issues, while simultaneously ignoring corporate policies and activities that relate to the difficulties and complexities development (Utting, 2003; Barkemeyer, 2009). Some of the basic development issues which relate to corporate power and policy influence; unsustainable investment and consumption; and tax evasion are neglected. To represent a case for development, the CSR agenda cannot be separated from such structural and macro-policy issues and should address its relation to the private sector (Utting, 2003; Newell & Frynas, 2007).

Not only is CSR, as it is currently adopted, unlikely to have an impact on poverty, it is also doubtful that reforming CSR to have a more explicit focus on poverty alleviation will enhance the impact (R. Jenkins, 2005). The critics (R. Jenkins; 2005; Frynas, 2008) main reasons for this include the prioritization of the business case which can often not be made. Even if it can, the centrality of stakeholders in the concept of CSR limits the potential for development (Frynas, 2008). Managers are typically advised to focus on stakeholders who have the greatest claim on a company resource and as the poor are mostly the one who in fact do not have any stake. Finally, the origins of CSR as a response to criticism has led to a focus of "not causing harm" instead of acting as a corporate citizen (R. Jenkins, 2005).

Kramer & Kania (2006) argue that "it is hard to win a game when the team is playing only defense" (p.5). They make a similar distinction calling defensive CSR strategies those that stem from responsibilities and focus on dealing with risks and vulnerabilities relating to reputation and legal liabilities of the company. Such strategies can be used to protect reputation but not to distinguish it. On the contrary offensive strategies address issues for which business is not blamed but can be commended. Although offensive strategies can be used to differentiate reputation, they can't be used to protect a company from the consequences of defying public expectation. Therefore, both tactics are needed to have an impact on social progress.

Hahn & Figge (2011) do not agree that only the business case for CSR can enable social and environmental objectives to be integrated into the aspects of a business strategy. They explain the dominance of CSR research based on financial performance has led to a systematic subordination of environmental and social results under economic results. This leads to so-called "bounded instrumentality" (p. 325) of CSR based on economic profitability and efficiency which implicitly limits an organization's ability to have a positive effect on the social and environmental context. Instead of providing the business case, Hahn & Figge (2011) embrace profitability as the key driver of corporate decision making, but extend the concept as if sustainable development matters. They propose that companies can truly contribute to sustainable development by broadening the concept of profitability to an "inclusive notion of corporate profitability" (p. 325) addressing all forms of capital; economic, environmental, and social. Only then, can biased trade-offs at the expense of CSR be avoided.

Noticeably, several scholars (Hart & Milstein, 2003; Porter & Kramer, 2006; Kania & Kramer, 2011) have proposed that in order to progress the impact of CSR and its benefits for companies there is a need to integrate interests of business and society.

"The conditions under which business engages in poverty alleviation are all ones rooted in self-interest… By clarifying how business relates to poverty, and under what conditions it chooses to act as a development agent, we may establish a more solid base for holding companies to account, and making it in their interests to be more accountable" (Blowfield, p. 29).

According to Blowfield the role of the private sector in poverty alleviation is not only dependent on the type of strategy pursued (offensive/defensive), but also the relationship it has with poverty, and the location and context. He explains, that profit maximization as the main goal is a sufficient reason for business to consciously manage its relation to society. Blowfield studies the potential of business as a development agent by developing a framework for defining the business-poverty-relationship. He establishes three dimensions of the business-poverty relationship which affect the response of business; (1) business as a cause, (2) as a victim and (3) as a solution of poverty. The type of relationship determines business' response to these situations. Consequently, their appeal to assume the role of development agent depends on the presence of one of three conditions in the circumstances of poverty; the association of poverty with risk, opportunity, and inefficiency. Other development dimensions that cannot be covered by one of the three conditions are unlikely to be addressed explicitly by business (Blowfield, 2008).

Porter & Kramer (2006) make the argument that business and society are interdependent and that CSR can be used proactively to create shared value in a strategic way, rather than in the commonly used responsive way (using defensive and offensive tactics). According to Porter & Kramer (2006) an opportunity to create shared value should guide CSR instead of whether a cause is worthy. In this they explain that integrating inside-out dimensions (improving the effects of a firm's operations on society) and outside-in dimensions (investing in the social context to create an improved competitive position) can enable social and business goals to become mutually reinforcing. In principle, they provide a framework for leveraging the relationships described by Blowfield (2008). By ensuring corporate commitment to social action complements the value chain of a business, the interrelationship of the economic and social objectives is strengthened, allowing synergies emerge (Martinez & Carbonell, 2007). Essentially, this approach shows that the private sector can effectively create a "business case" based on the competitive context, the value chain of the company and the interdependencies of these aspects. By doing this, CSR practices and initiatives become part of day-to-day business of the company rather than separated from other business units. If business applies its resources and expertise to activities that benefit society in such a way, strategic CSR can lead to great social development (Porter & Kramer, 2006).

With CSR being increasingly perceived as a potential competitive advantage, MNCs are becoming more strategic by linking their CSR strategies with core business activities. This is making CSR move from a matter for public relations to a matter for strategic management (Kolk & Van Tulder, 2010).

2.1.3 From Inclusive Capitalism to Inclusive Business

In light of these developments, Hart (S. L. Hart, 2005) claims that although these strategies are revolutionary, moving from social and environmental issues from obligatory expenses to commercial opportunities, they remain insufficient for sustainable development. Prahalad, calls for the mobilization of "the resources, scale and scope of large firms to co-create solution to the problems [of poverty]" (Prahalad, 2005, p. xii).

Globalization has had both positive and negative effects. Whereas on the one hand it has rapidly lifted millions of people above the extreme poverty line, it has also caused massive inequality followed by severe social unrest The global debate is currently about how we can deal with the resulting inequality (Prahalad, 2007). A substantial majority of the population is excluded from the western capitalist system (De Soto, 2000 cited by London & Hart, 2011). What is needed is a solution to moderate the influences of rapid economic development. The best way to do this is to increase income and create opportunities for income mobility to enable poor to pull themselves out of poverty (Prahalad, 2007).

Prahalad & Hart (2002, p.2) state "This is a time for MNCs to look at globalization strategies through a new lens of inclusive capitalism". Business as the economic engine may in fact have important capabilities and competencies for creating economic development necessary to lift people out of poverty (Mendoza & Thelen, 2008; Tashman & Marano, 2010). The corporate sector can become a catalyst for sustainable global development, but what is needed is an extended form of capitalism, which incorporates previously excluded voices, concerns and interests (S. L. Hart, 2005). As Ansari et al. (2012) explain, the focus seems to have shifted from how businesses cause societal and environmental problems to how they can become part of the solution to these problems.

According to Prahalad (2005), the focus of corporate activity should be on growth in which the four billion poor become part of a system of inclusive capitalism (Prahalad, 2005). Van Tulder et al. (2011) explain that "inclusive growth" necessitates that the benefits of growth should be distributed equally. Addressing these issues signifies the most complex of business operations and requires a vital change in mindsets (Chatterjee, 2009). Accordingly Prahalad (2005) does not consider this type of corporate action the same as CSR. The challenge for developing a more strategic approach to development is to establish a viable business model that operationalizes the development and poverty dimensions of firms, and differentiates an inactive from an active approach (Van Tulder, 2010). According to Márquez et al. (2010) an effective approach that can engage the excluded segments through win-win scenarios would have to meet three key characteristics. Solutions should be able to scale, as the issue of poverty is immense. Given the size and severity of the issue, initiatives would need to have a degree of permanence in order to span generations. Finally solutions need to be efficient and effective, as resources are not plentiful. Given such complexities, inclusion of these markets involves a transformation in the functioning of MNCs and therefore cannot be pushed to the domain of CSR initiatives. To achieve this it is imperative that excluded markets become part of the firm's core business and thus integral to the success of the firm in order to attain management attention (Prahalad, 2005).

Inclusive business is based on the idea that business activities "can contribute to the long-term goal of poverty alleviation by embedding the neglected poor parts of the world population into efficient value chains and market structures, both as consumers and as producers or distributors" (R. Hahn, 2012, p.50). Through enhanced production systems and access to goods and services, inclusive business provides the poor with improved opportunities in labor and consumer markets As such it provides the private sector a position in relation to the poor and highlights opportunities that enable sustainable poverty alleviation by leveraging resources and capabilities (R. Hahn, 2012).

The quest for business models has initiated increasingly popular concepts such as bottom of the pyramid, inclusive business and social business (Van Tulder, 2010). However, before the term "inclusive business" popularized, Prahalad and colleagues (Prahalad & Hammond, 2002; Prahalad & Hart, 2002) were the first to offer a commercial management approach to apply the concept of inclusive capitalism at a micro level strategy. They coined this approach bottom of the pyramid strategies. Since then the bottom of the pyramid thesis has gained much attention from both practitioners and scholars. Furthermore, research on inclusive business has also focused on bottom of the pyramid initiatives (e.g. Ansari et al., 2012; Gradl & Jenkins, 2011; Gradl, Krämer, & Amadigi, 2010; Mcfalls, 2007; Mendoza & Thelen, 2008; Munir, Ansari, & Gregg, 2010; Reficco & Marquez, 2009). The following part will first discuss the bottom of the pyramid thesis and its development and then move on to the more recent inclusive business concept.

2.2 Bottom of the Pyramid and Inclusive Business

2.2.1 Bottom of the Pyramid

"The base of the pyramid is a term that represents the poor at the base of the global socio-economic ladder, who primarily transact in an informal market economy." (London, 2007, p.11).

Prahalad (2005) describes our population in the form an economic pyramid in which the peak of the pyramid represents the smallest group of the population with the largest purchasing power and the bottom layer represents the largest population group with the least purchasing power, people living in poverty. According to Prahalad (2005) and various other scholars (Hart & Milstein, 2003; London & Hart, 2004; London, 2006; Chatterjee, 2009) the bottom of the pyramid is a generally neglected segment that represents a huge opportunity for businesses. People living in poverty generally live in high cost economies (Prahalad & Hammond, 2002). Due to the general supposition that people living in poverty do not have any purchasing power, they have been largely ignored by the private sector and formal markets (London, 2007). As a consequence, they lack access to products and services leaving them with limited choice and are therefore often faced with a price premium, a.k.a. the poverty penalty (Chatterjee, 2009; B. Jenkins, Ishikawa, Geaneotes, & Paul, 2010; Mendoza, 2011). Thus not only is it a very large market, but their unmet needs are plentiful. These market failures also pose potential business opportunities (London, 2007).

As companies are increasingly searching for new markets to achieve scalable growth, and development actors are looking for ways to expand their reach and impact, London (2007) explains there is an opportunity in aligning business and development interests. Businesses can generate acceptable returns on investment by tapping into this market, as it is long from saturated. Furthermore, by offering consumers in the lowest segment of the pyramid basic goods and services that reduce their cost and thereby contribute to improving their standard of living a win-win situation is created (Prahalad & Hammond, 2002).

2.2.1.1 BOP Debate

Over the past decade the BOP discourse has not gone without counterarguments. Several scholars have put forth opposing views on key issues introduced in the initial thesis brought forth by Prahalad and Hart (2002) and Prahalad and Hammond (Prahalad & Hammond, 2002). The following part discusses some of these conflicting claims that concern the foundation of the BOP perspective.

Mutual Value Creation

The development sector's search for more effective and efficient ways of poverty alleviation, and the increasing interest in the role of the private sector in development have created the idea of intersecting business and development drivers to create mutual value (London, 2007).

Thus based on this principle, the key proposition of the BOP thesis is that "the greater the ability of the venture to meet the needs of the poor, the greater the return to the partners involved" (London, 2007 p.22).

Established on the notion that addressing market failures can offer prospects for the private sector, a BOP venture is expected to generate acceptable financial returns besides the social value it creates and as a result represents a viable business opportunity (Prahalad & Hammond, 2002; Prahalad & Hart, 2002; S. Hart & Milstein, 2003; London, 2007). Martinez and Carbonell (2007) stress the importance of integrating business and social objectives for success at the BOP. They explain that to achieve business sustainability, solid business performance is essential. By ensuring company commitment to BOP initiatives also contributes to the value chain of a business, “a forward moving momentum is [created for the company] … one that enhances the concept of doing business (making a profit) with doing good (making a difference)” (p.52). Profitability is key for growth and scalability and therefore enables BOP ventures to increase both social and economic impact (London, 2007). As a result, the interrelationship of each component will be strengthened and the probability of synergies increases (Martinez & Carbonell, 2007) .

Although the foundation of the concept is logically sound, several scholars have argued against its feasibility (Garrette & Karnani, 2010; Mcfalls, 2007). Garrette & Karnani (2010) also state that the dual objectives that characterize BOP strategies are often in conflict and impose tradeoffs. Mcfalls (2007) identifies inconsistencies between business realities and development imperatives. The findings of her multiple case study, reveal how competing logics between business realities and development imperatives are difficult to resolve due to a dominance of shareholder interests over stakeholder interests and a top-down implementation strategy based on short term economic objectives. As a result, Mcfalls claims the BOP approach based on inclusive capitalism leads to unrealistic expectations for businesses. Garette and Karnani (2010) in a similar fashion caution that too many objectives will lead to no objectives being achieved and as a result project failure. Therefore they advocate the value of focus; ventures should focus on economic profitability and scaling but ensure that the products they market are valuable to the poor.

Market opportunity

The discussion concerning the BOP thesis is also centered on the market size that represents the bottom of the pyramid (London, 2007; Pitta, Guesalaga, & Marshall, 2008), which is determined by the amount of people that belong to the segment and their purchasing power. Prahalad and Hart (2002) claimed that business can make a fortune by serving the four billion underserved people earning less than $2000 a year who represent the bottom of the pyramid. The market is large and the unmet needs are plentiful. In contrast to the common assumption that the poor do not have any purchasing power, although their individual income is low, collectively their purchasing power is quite large. Moreover, as they spend higher prices on goods and services due to the poverty penalty, there is a real opportunity to offer higher quality while maintaining attractive margins (Prahalad & Hammond, 2002).

Jenkins, (2005), Karnani (2007), Warnholz (2007) and others have claimed the basis on which the target market is based to be flawed and have offered other calculations. As a result the differences in defining the market range from 600 million to 4 billion and are based on income levels ranging from $2 to $6 per day. In any case, it is clear that the aggregate purchasing power of the market is big (Pitta et al., 2008). Although, assessing the size of the unmet need is easy, this should not be confused with the size of potential market opportunity, this is much more difficult to estimate (Garrette & Karnani, 2010). Pitta et al. (2008) explain that in order to understand how to alleviate poverty, the definition of poverty must be clear. Depending on their income level people have very different needs and priorities (Pitta et al., 2008). On a similar note, various scholars (Karnani, 2009; Pitta et al., 2008; Van Tulder, 2008; Warnholz, 2007) claim that combining the poor with middle class segments can in fact hinder the poor, as policies for poverty alleviation will render ineffective. Van Tulder (2008), makes a similar point stressing concern for an erosion of claims. He explains that the layer above the actual bottom of the pyramid is more frequently used in practice, as the bottom of the pyramid due to their limited purchasing power and high cost of reach, do not represent the anticipated opportunity. Van Tulder cautions that if the discussion continues to be focused on this higher income segment, the bottom billion (cf. Collier, 2007 cited by Van Tulder, 2008) will require an alternative approach. Warholz (2007) reviewed the different claims on the market size of the BOP and came to the conclusion that the segment living below $1 a day (the most frequent used definition) represents less than 6% of the market defined as the BOP.

"The inability to reach the poorest of the poor is a problem that plagues most poverty alleviation programs. As Gresham's Law reminds us, if the poor and non-poor are combined within a single program, the non-poor will always drive out the poor. To be effective, the delivery system must be designed and operated exclusively for the poor. That requires a strict definition of who the poor are—there is no room for conceptual vagueness." (Muhammad Yunus, 1998 as cited by Karnani, 2009, p.7).

In reference to various claims London (2007) concludes that the debate concerning the income level and market size shows that the bottom of the pyramid is not a homogeneous market and consists of different market segments having different needs. London explains that the BOP approach does not offer a fixed solution rather a complementary one. Corresponding to Van Tulder (2008) he suggests the poorest of the poor will require more targeted support. BOP segments living on less than $1 a day, will be more dependent on subsidies in order to benefit from the goods and services offered by BOP initiatives. Nevertheless, the BOP proposition does provide an approach that complements other private, non-profit, and government sector initiatives.

Poverty alleviation method & Involvement of the BOP

Karnani (Karnani, 2007) argues that poverty can only be alleviated by raising the real income of the poor. This can be done by raising the actual income earned, or by reducing the expenses of the goods and services that are bought.

Alleviating the poverty penalty is one way in which markets can be made more inclusive for the poor (Mendoza, 2011). This is also the premise of the initial BOP approach brought forth by Prahalad and his colleagues (Prahalad & Hammond, 2002; Prahalad & Hart, 2002) focusing on poverty alleviation by reducing the costs of goods and services to the poor. This proposition although was not introduced without caution. In order to successfully conduct business at the BOP, a resemblance of serving current top of the pyramid markets better or more efficiently will not suffice. Companies will need to build a new business infrastructure which is based on four elements; (1) creating buying power, (2) shaping aspirations, (3) improving access, and (4) tailoring local solutions (Prahalad & Hart, 2002).

Creating buying power can be accomplished providing access to credit and increasing the earning potential of the poor Prahalad and Hart (2002). Prahalad (2011) suggests five possible ways to achieve this; lower prices, pay per use, new distribution models (lowering barriers to access), single servings or monthly payments (enabling enhanced cash flow management).

Karnani (2007) counters these ideas claiming that providing access to credit and offering single use and small size packages might create value for the BOP by increasing convenience and enabling them to manage cash flows. However, such approaches do not increase affordability as the price of the goods and service is not reduced. Furthermore, the emphasis on providing more choice and offering credit can in fact reduce the welfare of the poor (Karnani, 2007, 2009). He explains that the pliability of someone's preferences is shaped by background and experience. Naturally, the poor are more vulnerable to commercial triggers due to their circumstances, lack of education and information and insufficient consumer protection. As a result, they tend to make choices which are not in their self-interest and consequently have to suffer the consequences (Karnani, 2007, 2009).

"A poor person is far more constrained by lack of income than by lack of variety of goods and services offered in the market … The poor, in fact, obviously consume most of what they earn, and, as a consequence, have a low savings rate. Contrary to the BOP argument, getting the poor to consume more will not solve their problem. Their problem is that they cannot afford to consume more." (Karnani, 2007, p. 100)

Garrette and Karnani (2010, p. 18) claim "There is no fortune at the bottom of the pyramid." Examples of profitable BOP initiatives that operate at a large scale are scarce and reflect the challenges of the BOP approach. The market size is quite small and due the high costs relating to geographical dispersion, weak infrastructure, an underdeveloped market and high costs per transaction, achieving economies for scale is a major challenge companies. The over estimation of the market size and spending capacity of the poor often leads to failure of initiatives (Karnani, 2007).

Despite the many criticisms, Karnani (2007) does not dismiss the BOP thesis completely and provides resolutions to improve the private sector's approach to poverty alleviation. Instead, he emphasizes that empirical evidence shows the best method to alleviate poverty is by focusing on increasing income rather than reducing costs. The BOP should primarily be viewed as producers and suppliers. Investing in the development of skills and productivity of the BOP and offering more employment opportunities is by far the best way for companies to facilitate in poverty eradication. Another way in which incomes can be increased is by focusing on the poor as producers and supporting in making the markets for their products more efficient, thus allowing them to capture the full value of their yield. Finally, companies should attempt to market to the poor but simultaneously be cautions that the opportunities are modest at best and thus avoid over estimation. The greatest opportunity for this approach however is by lowering prices significantly. Therefore, it is necessary to lower the quality of goods and services to a degree that does not hurt the poor and is still acceptable to them.

Although Karnani (2007) makes a point when claiming more focus needs to be drawn on involving the BOP as producers and suppliers, it is inaccurate that the initial thesis does not perceive the BOP as consumers (Blowfield, 2008). In fact, there has been clear reference to involving the BOP in development of products and services (SOURCES), on building local capabilities (SOURCES), and creating social embeddedness (SOURCES).

Building on the notion of a firm level strategy for inclusive capitalism, the initial thesis generally functioned as an invitation for business. In this it highlighted the opportunity growth through commitment to poverty alleviation. The consumer side was purposefully emphasized in order to initiate thinking of underserved markets and communities as a development activity (Prahalad, 2011). Indeed, several scholars have noted the initial BOP to mainly serve as the big picture and has the purpose of shifting mindsets (cf. Seelos & Mair, 2007; Pitta et al., 2008). London (2007) explains this has led the business strategy angle to dominate the dialogue. However, the literature shows BOP ventures can have a BOP as consumer (selling to) or a BOP as producer (sourcing from) orientation, both leading to different developmental results (London, 2007).

2.2.1.2 BOP 1.0 vs. BOP 2.0

Based on the BOP thesis, over the past years scholars and practitioners have enthusiastically researched market initiatives to poverty reduction. And as the previous discussion points out there has been a lot of discussion and criticism concerning key aspects of the BOP thesis. Based on these criticisms and the reality of practice, there was a need to shift focus in order to progress the debate (Simanis & Hart, 2008; Munir et al., 2010; London & Hart, 2011; Ansari et al., 2012). London and Hart (2011) explain that the initial conceptualization was important to gain momentum, however successful development of BOP initiatives requires a shift in focus from “finding a fortune at the BOP” (which has not led to wide scale success) to “creating a fortune with the BOP”. By reconsidering the fundamental propositions the emergence of new concepts and approaches can be stimulated and progress the discipline.

Since the introduction of the BOP thesis the number of large companies attempting such initiatives has increased (London & Hart, 2011; Simanis & Hart, 2008). However, these initiatives “implicitly [use] a narrow, consumption-based understanding of local needs and aspirations” (Simanis & Hart, 2008, p. 2), and as a result fail to hit the mark as they are often a quick attempt to tap into a new market disregarding the discipline of the poor.

“These strategies represent arm’s length attempts to quickly tap into a new market. Pushing the company’s reformulated and repackaged products onto shantytown dwellers and rural villagers may indeed produce incremental sales in the near term. But in the long run, this strategy will almost certainly fail because the business remains alien to the communities it intends to serve.” (Simanis & Hart, 2008, p. 1).

Several scholars (Ansari et al., 2012; London & Hart, 2011; Olsen & Boxenbaum, 2009; Simanis & Hart, 2008) recognize the BOP theory has gradually evolved into a new era and make a distinction between first and second generations BOP strategies or BOP 1.0 and BOP 2.0.

Simanis and Hart (2008) distinguish between BOP 1.0 and BOP 2.0., and even provide a second generation of the BOP protocol, which is essentially a framework that offers a structured approach to implementing BOP initiatives. The authors emphasize moving from the perspective of listening to the BOP as a consumer, to going in dialogue with the BOP as a partner. Furthermore points of mutual value and co-creation are stressed as key aspects of the BOP 2.0 strategy. By co-creating the business model and products or services with the BOP it can be assured that business is in harmony with the broader community needs (Simanis & Hart, 2008).

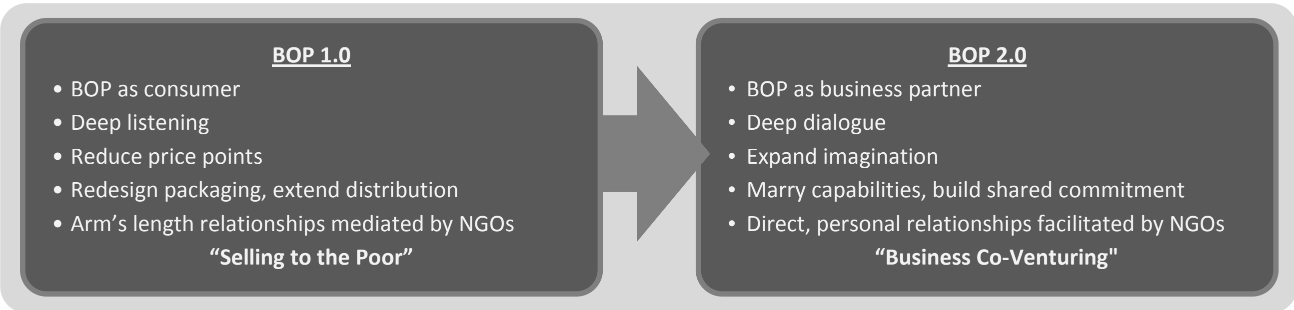


Figure 1 Next generation BOP strategies (source: Simanis & Hart, 2008)

This development in the dominant logic enhances the current thinking of market development, innovation, capability requirements, and cross-sector partnerships (London & Hart, 2011). Furthermore, the emphasis has somewhat been lifted from offering the BOP high value, low cost products and services to including the generation of income and opportunity. Thus, the notion of regarding people living in poverty as consumers has extended to involving them throughout the supply chain; as suppliers, producers, distributors and consumers. As such second generation strategies have a stronger focus economic empowerment through skill building, knowledge sharing, and active engagement of the BOP (K. Munir et al., 2010)

2.2.2 Inclusive Business

As pointed out previously, at the outset of inclusive capitalism, the BOP perspective had been introduced as a business strategy to complement micro level implementation of this concept. As a result, many academic studies on inclusive business are in fact based on the BOP perspective and use these terms interchangeably.

Several scholars noted two major trends concerning the privates sector (profit and non-profit organizations) in development, which address the issue of exclusion due to market failure. First, an increasing amount of commercial actors are innovating in order to penetrate deeper in to markets and serve the excluded poor through core business opportunities (Mendoza and Thelen, 2008). Secondly, non-profit actors are innovating by applying business oriented-approaches, in order to achieve a greater outreach and enhance financial viability (London, 2007; Mendoza & Thelen, 2008; Munir et al., 2010).

In academic literature inclusive business is not yet well established as a concept and frequently used to define different notions. Whereas some scholars base their studies of inclusive business on the BOP perspective as a strategy or approach (cf. Gradl et al., 2010; Ansari et al., 2012), others use the BOP in their study as the target market for an inclusive business strategy or approach. These latter studies are not confined to realm of concepts and hypotheses that are the foundation for the BOP strategy and principally broaden the inclusive business concept. Furthermore, whereas some scholars use the term inclusive business to signify a broad umbrella term that contains a number of pro-poor private sector approaches (McMullen, 2011), others differentiate inclusive business using criteria which consist of certain components that are common in the BOP perspective and other pro-poor strategies (cf. Mendoza & Thelen, 2008; Van Tulder et al., 2011; R. Hahn, 2012;).

It should be noted that not all these studies use the actual term inclusive business but instead strategies of models for inclusive capitalism or inclusive growth. However, for the purpose of this study, strategies for inclusive capitalism of inclusive growth will be discussed as inclusive business strategies. The following part will first focus on inclusive business as an umbrella term, and subsequently compare and discuss some of the pro-poor strategies that are often regarded as, or linked to inclusive business. Following, recently emerging inclusive business definitions will be discussed which provide a taxonomy of it as a distinct strategy consisting of some components of pro-poor strategies.

2.2.2.1 A realm of strategies

Hahn (2012) and McMullen (2011) are amongst some of the scholars whom regard inclusive business as an umbrella term consisting of other strategies. Hahn (2012) states that concepts that benefit the poor and include pro-poor features in the value chain, such as bottom of the pyramid or social business, can be summarized as the concept for inclusive business. Similarly, McMullen (2011) explains the concepts bottom of the pyramid and social business to be amongst those that that integrate the world’s poor in order to make economic growth more inclusive.

As inclusive business is often classified as a range of strategies, it would be meaningful to compare the different strategies in order to capture the true meaning of the concept’s application. Hence, the following discusses the definitions and characteristics of BOP strategies, social business, social entrepreneurship and development entrepreneurship.

Bottom of the Pyramid

A broad range of business models make up the BOP domain. These models concentrate on the population's poorest segments as producers, consumers and entrepreneurs, and are designed by or in partnership with the private sector. (London & Hart ,2011).

In order to clarify what distinguishes a BOP initiative from other pro-poor strategies, London (2007) provides six key characteristics defining the BOP perspective (Figure 2 and Figure 3). A BOP venture will typically combine these principles in an initiative's development of contextual perspective, and through stages of design, implementation and performance. London explains that not applying all principles does not imply failure; however, it does provide opportunities to further enhance the business model design. These concepts principally highlight the most effective way to implement a BOP perspective and can accompany other poverty strategies.

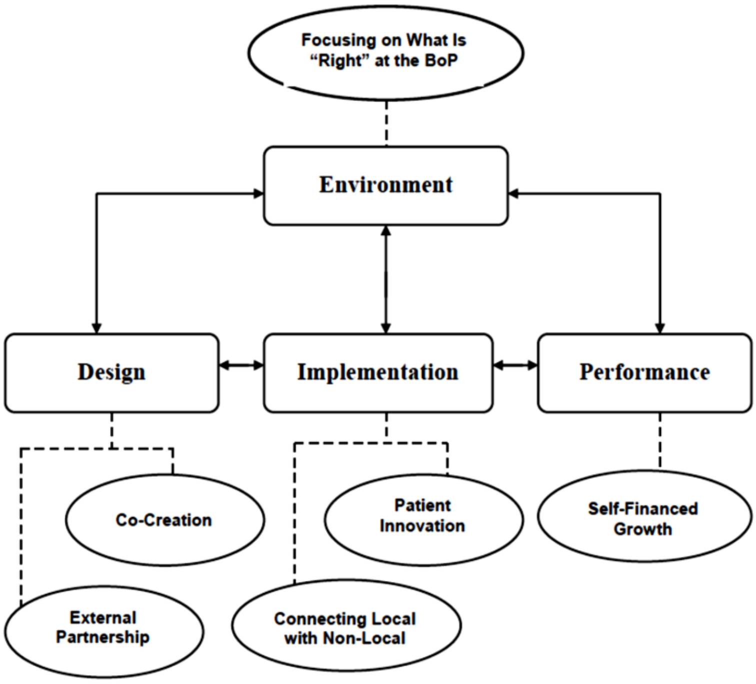


Figure 2 Principles of a Base of the Pyramid Perspective in development (source: London, 2007)

Munir et al. (2010) emphasize that the BOP approach is not as pioneering as several scholars claim. Other concepts already exist which adapt and reframe social issues in terms of main stream strategy values, for instance CSR and social entrepreneurship.

Some scholars differentiate the BOP strategy from inclusive business by emphasizing the former's focus on the BOP segment as a consumer market (e.g. Olsen & Boxenbaum, 2009; Van Tulder et al., 2011). This distinction seems to be based on the first generation BOP strategies.

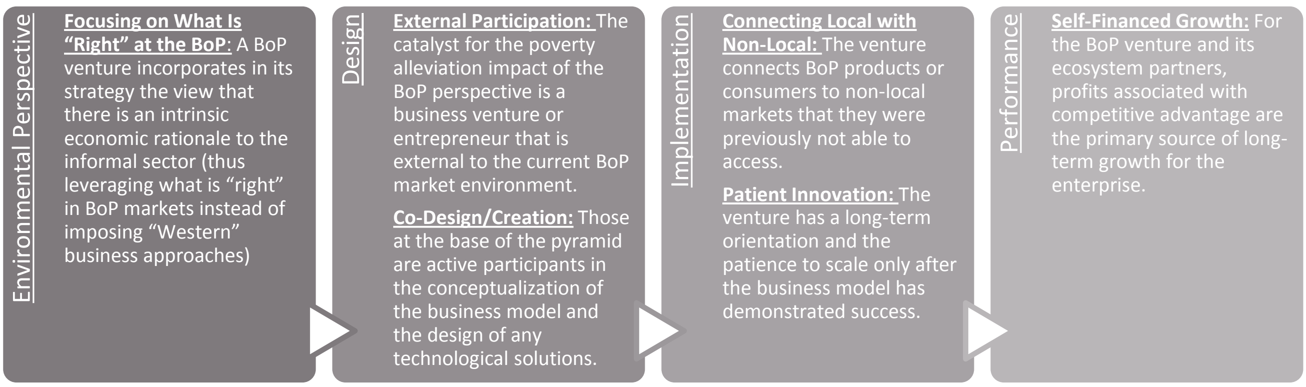


Figure 3 Principles of a Base of the Pyramid Perspective (source: London, 2007)

Social Business

Social business is often also described as an inclusive business strategy (R. Hahn, 2012; McMullen, 2011) and contrasted with a BOP strategy (cf. London, 2007; Garrette & Karnani, 2010).

A social business "is a no-loss, no-dividend, self-sustaining company that sells goods or services and repays investments to its owners, but whose primary purpose is to serve society and improve the lot of the poor." (Yunus, Moingeon, & Lehmann-Ortega, 2010, p.311).

The business models replace shareholders by stake holders and fall in between profit-oriented and non-profit social-oriented organizations (Figure 4). To ensure self-sustainability and scalability, social businesses have the purpose to cover the full costs from operations, and depend on investors only at the outset of an initiative, while promising full remuneration. As such it is not the same as regular nonprofits. In order to achieve this, social businesses are structured and operated as profit-oriented firms. Furthermore, what sets these models apart is the preference for social investors to ensure an alignment of interests, and clearly defined social profit objectives to limit the effect of conflicting social and economic goals.

Figure 4 Social business vs. profit- and non-profit organisations (Yunus et al., 2010)

Garrette & Karnani (2010) emphasize this distinction; "Charities need donations to survive; social businesses need donations to grow; businesses do not need donations. Private businesses try to create shareholder wealth, social businesses try to maintain wealth, and charities are designed to voluntarily re-distribute wealth" (p.6). They explain that social business ignores opportunity cost, whereas profit oriented business cannot. This difference is important because the opportunity for BOP initiatives can sometimes be confused due to this aspect. Profit oriented BOP initiatives are not achievable when the market size compared to the unmet need is small, in these cases non-profit initiatives such as social business would be present a better solution (Garrette & Karnani, 2010).

Yunus et al. (2010) note that multinationals have shown interest in initiating social business projects for poverty alleviation under the notion of CSR. However, he claims that combining the social objectives with profit object objectives will be problematic as ultimately only profit matters.

Social Entrepreneurship

Mair and Marti (2007) point out that in filling the institutional gaps that have led to poverty, market-based solution such as the BOP approach are limited by their primary objective of creating economic value: "they tend to fill the voids left by the missing institutions only as long as it is profitable" (p.494). Social entrepreneurship however, is more liberated in this sense as it does not imply this limitation but seeks to create a sustained social equilibrium (McMullen, 2011).

An explanation of social entrepreneurship is provided by Seelos & Mair (2005). They define social entrepreneurship as "entrepreneurship that creates new models for the provision of products and services that cater directly to the social needs underlying sustainable development goals such as the MDGs" (Seelos & Mair, 2005, p.244). Like regular entrepreneurship, social entrepreneurship acts upon opportunities to improve systems, create solutions, and invent new approaches, however what distinguishes it is its principal social objective. The economic objective which characterizes normal entrepreneurship is mostly a by-product in the concept of social entrepreneurship, and functions as a tool to achieve sustainability and self-sufficiency (Seelos & Mair, 2005; Mair & Marti, 2007). Primarily focusing ''on social value, economic value creation is seen as a necessary condition to ensure financial viability'' (Mair & Marti, 2007, p. 36). As such social entrepreneurship often is dependent on funding, from foundations and the like, at least at the initial stages of a project. Furthermore, whereas entrepreneurship requires individuals with certain characteristics, social entrepreneurship also relies on particular individuals however, having very specific and scarce individual characteristics and who are especially skillful in accumulating and mobilizing human, financial, and political resources.

According to McMullen (McMullen, 2011) the economic objective in social entrepreneurship is a vital competitive instrument. Some financial return is necessary for social entrepreneurship in order to justify that they are creating more value than competing opportunities like non-profit or profit oriented initiatives. This will prove it is the best solution for a certain problem and enable the initiative to sustain, as it is considered worthy of benevolent investment.

According to Yunus et al. (2010), social business can be regarded as a subset of social entrepreneurship as they both promote social objectives over commercial objectives. However, what distinguishes social business is that they only refund investors and under no means pay dividends, on the contrary, some social entrepreneurship models do.

Munir et al. (K. Munir et al., 2010) describe the debate concerning social entrepreneurship in which some scholars claim that subordinating economic goals under social goals will not allow these venture to reach the scale they need, and thus requires them to realign more with commercial objectives. As a result, this eventually fades the boundaries with regular entrepreneurship. Munir et al. state that this shows the definition provided by Mair & Marti (2006) causes these types of venture to fall somewhere in between social entrepreneurship and regular entrepreneurship.

Regarding the implementation of commercial BOP initiatives, Seelos & Mair (Seelos & Mair, 2007), offer a counter argument to major BOP thinking which proposes the need to develop new capabilities and new business models when entering the BOP market. Seelos & Mair explain that creating new capabilities pushes the point of value creation into the future causing the net present value of the project to diminish, and as a result challenges resource allocation to these projects. As a result, they propose firms aspiring to enter the BOP market, to instead combine existing BOP models and the companies own capabilities, and for instance facilitate in scaling these (existing) models. This will create more social value from the resources of existing BOP initiatives and simultaneously could enable companies to leverage economic value.

Similarly, Seelos & Mair (2005) explain that social entrepreneurship can especially be useful to facilitate CSR strategies of firms, as social entrepreneurs are better equipped in finding opportunities and building grassroots initiatives. They propose companies can outsource their CSR efforts by redirecting their CSR spending on investment in social entrepreneurship.

Development Entrepreneurship

Many of the current market-based approaches (such as BOP, social business and social entrepreneurship) are based on a perception of the cause of poverty as the inability to consume conceived by a lack of purchasing power (McMullen, 2011). Although this is a key aspect of poverty, some scholars claim this market failure is not the root cause, but rather a symptom of poverty (J. Mair & Marti, 2007; McMullen, 2011). The root cause derives from institutional failures rather than market failures. Formal institutions in least developing countries are usually lacking or insufficient, which hinders the population from participating as producer or consumers in global markets. Thus, to eradicate poverty by making economic growth more inclusive and thus expand markets to include marginalized or disenfranchised populations, McMullen proposes a theory of development entrepreneurship which seeks to accelerate institutional entrepreneurship (the internally derived transformation of institutional environments).

Development entrepreneurship as such does not fit in well with an effective BOP initiative. London (2007) explains a key principle of BOP initiatives is that it enhances and leverages existing resources, systems and social infrastructure instead of developing an enabling environment based on Western approaches.

Just as regular entrepreneurship, development entrepreneurship transforms resources into value-added goods and services. It can also be compared with social movements although it parts due to the need to capture some value. For-profit business will only attempt changing institutional arrangements if acceptable returns can be expected. However, whereas the advantages from institutional change will likely be distributed, costs are often concentrated. McMullen therefore suggests social entrepreneurs are best equipped to address institutional change as they are not limited by opportunity cost and can give social objectives a greater significance.

Consistencies and Inconsistencies

In essence the three strategies compare social entrepreneurship (including social business and development entrepreneurship) and bottom of the pyramid approaches. Social business as a subset of social entrepreneurship is distinguished by the key principle of not allocating any dividends but rather reinvesting gained value in the business. As such it represents a no-loss, no-profit business strategy. Development entrepreneurship can essentially also be perceived as social entrepreneurship which focuses on poverty alleviation through by creating institutional change.

The discussion of the commonly classified inclusive business strategies shows that the most important distinction is the importance and order of preference of social and economic objectives. All of the above initiatives integrate social and economic objectives in their business model. However, in social entrepreneurship social objectives are preferred over economic objectives provided costs of operation (which do not include opportunity costs) can be recovered. The main reason for this is to ensure self-sustainability, scalability and a competitive edge over other non-profit approaches. Beyond the earning back of costs, social entrepreneurship perceives economic objectives mostly as a byproduct. The importance of the economic objective is especially relevant when considering an opportunity for inclusive business. The BOP approach as is limited to opportunities which promise acceptable financial results. Thus what represents an opportunity for social entrepreneurship does not necessarily represent an opportunity for BOP strategies.

The economic objective also reveals the foundation of the concept. London (2007) explains the BOP perspective is not based on providing assistance but on generating collaborations. As such, it “avoids an orientation based on “how we can help the poor” Rather….success is based on a philosophy of “how we can help each other” (p.25). On the contrary social entrepreneurship almost by definition has a clear focus on providing assistance, as it is based on an altruistic notion.

Finally, the BOP approach includes some key principles which social entrepreneurship does not deem significant, these include linking of local with non-local, the need for external participation and the principle co-design/-creation.

2.2.2.2 Outlining the realm of inclusive business

Currently more literature is appearing that explicitly distinguishes strategies that classify an inclusive business. These articles use business model criteria of various pro-poor strategies for the inclusion of certain strategies in the inclusive business domain.

Hahn (2012) defines inclusive business as an approach that provides *“for profit and non-profit companies to position themselves in relation to the world’s poor and points out opportunities for enduring poverty alleviation by leveraging private business know-how and resources”* (p. 51). Central is that private sector practices can contribute to poverty alleviation by including neglected population groups in their value chain and market structures as distributors, suppliers and consumers (Figure 5).

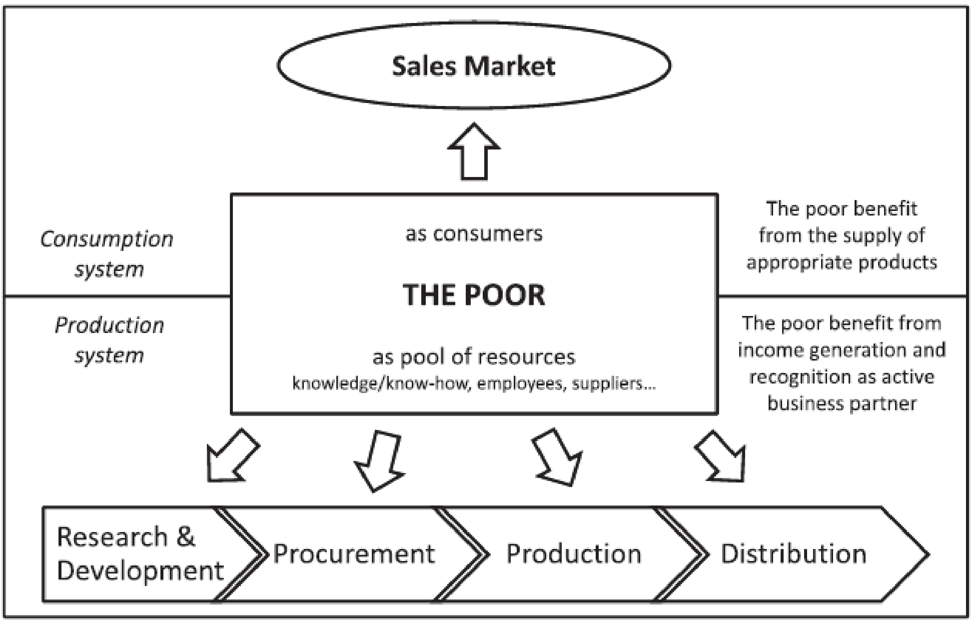


Figure 5 impact of inclusive business approaches (R. Hahn, 2012)

Mendoza and Thelen (2008) use rather similar criteria. They also look at private (profit and non-profit) sector initiatives which contribute to making markets more inclusive for the poor. In their definition of inclusive business they consider three key aspects of an initiative;

(1) Whether the initiative reaches the poor (to what extent and the intention).

(2) whether it creates a positive development impact and (increases the access for the poor to consumer, producer, and labor markets),

(3) Whether the initiative is financial viable (at least breaks even).

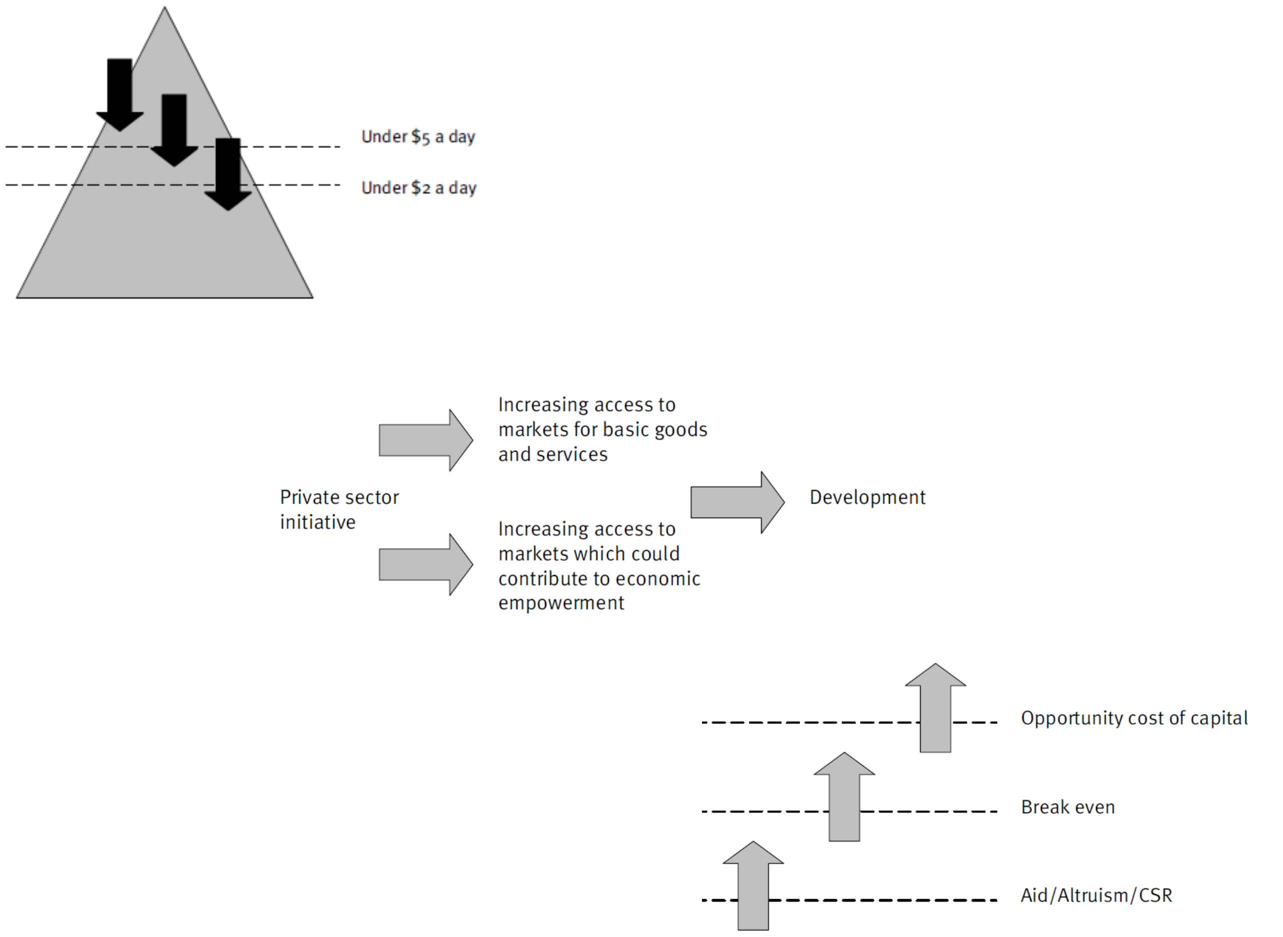


Figure 6 three main features of inclusive business (Mendoza & Thelen, 2008)

Mendoza and Thelen identify eleven distinct strategies for which they create an initial categorization; production, distribution and marketing strategies; retail and pricing strategies; and cross-cutting business strategies.

Whereas Hahn (2012) emphasized using business knowhow and resources, Mendoza and Thelen (2008) focus more on the impact (reach and development) and only consider initiatives that aim at least for self-sustainability. Both criteria sets are rather broad, and can possibly include all of the previous mentioned pro-poor strategies.

2.2.2.3 Defining inclusive business

Van Tulder et al, (2011) are the first to link the concept of inclusive growth with the concept of inclusive business to provide an advanced categorization of business models. According to Van Tulder et al. multinational corporations given their size and capability have the greatest potential to make a difference in "inclusive growth" on the macro level. However, due to inadequate conceptualization, adaptation of inclusive business initiatives in practice is still rather uncommon. In the cases where multinationals have launched initiatives, these are often conducted in a narrowly defined way. Van Tulder et al (2011) claim that establishing this link will enable operationalization of the concept and enable managers to assume responsibility.

Corresponding with Jenkins' (2005) analysis as discussed previously, Van Tulder et al. (2011) also look at how multinationals through foreign direct investments affect host country development, in order to assess how inclusive business affects inclusive growth. As a result of this analysis they propose inclusive business and inclusive growth models can become mutually reinforcing, if active inclusive business models (as opposed to inactive, business as usual) use various mechanisms in order to enhance positive indirect effects (which go beyond the direct impact of corporate activities). Thus, influencing inclusive growth requires a more active approach from (inclusive) business in development and CSR activities.

Type of effect	MNE Role		
	Passive	Active	INCLUSIVE BUSINESS ↓
Direct	Size effects (for capital base, employment, environment)	EH&S practices, labour conditions	
Indirect	Competition, technology, transfers, linkages, alliances, income distribution	Philanthropy, public private partnerships supplier conditions	
INCLUSIVE GROWTH →			

Table 1 Mechanisms through which MNEs affect sustainable development (Dunning &Fortanier 2007, sourced from Van Tulder et al. 2011)

Van Tulder et al. (2011, p.12) provide four requirements which link inclusive business with inclusive growth;

(1) Mission: an active and identifiable approach towards poverty and income inequality
(2) Impact: accountability beyond the direct effects of the business model
(3) Inclusive business cases: a clear link to the core activities and competencies of the corporation
(4) Stakeholder involvement: pro-active partnerships with NGOs and government

Based on the extent that these characteristics are applied, Van Tulder et al. offer a categorization of inclusive business models and their effect on inclusive growth. The extent of application of the characteristics is based on type of interaction, defensive (reactive) or accommodative/preventive (proactive) and intrinsic motivations taking an inactive (passive) or active attitude.

An inactive approach is the narrowest approach and comparable with a business as usual strategy (cf. Jenkins, 2005), characterized by an approach to poverty alleviation based on economic growth. In this case business takes the perspective that the only responsibility a company has is to be profitable and by doing this efficiency is created that might lead to economic development. The company is unreceptive of including poverty alleviation in core business strategies. This business strategy has no link to inclusive growth.

A reactive approach is comparable to the defensive and offensive strategies (cf. Kramer & Kania, 2006) and focuses on avoiding mistakes and negative stakeholder pressure. To sustain legitimacy or limit vulnerability of the poverty issue they mainly aim to reduce negative effects of their operations of poverty and possibly address the BOP narrowly as a market opportunity. This strategy has a weak link to inclusive growth, although based on a defensive attitude.

An active approach generally takes a broad strategy of inclusive business. Where poverty is directly related to their activities, these companies accept responsibility. They aim to develop poverty alleviation initiatives which are part of their core business activities. And address the BOP market not merely as an opportunity but as a means to reach the BOP in as "positive duty" (p.19). This strategy has a weak link to inclusive growth.

Finally, **a proactive approach** assumes business has responsibilities towards stakeholders and is therefore actively involved from the start of an issue lifecycle. This approach has an open attitude towards poverty and seeks partnerships to develop better solution for the complex causes. Businesses taking a proactive approach to inclusive business have distinct strategies and business models to tackle poverty alleviation. This strategy has a strong link to inclusive growth.

2.2.2.4 Broad vs. narrow strategies

Some discussion in literature has concerned the net effects of inclusive business approaches, taking in consideration the potential externalities which its presence may create. These discussions also involve aspects of effectiveness of such initiatives for poverty alleviation and the role of the assessment methods in this. The following part discusses some of these concerns and claims.

Munir, Ansari, & Gregg (2010) state that inclusive business initiatives can negatively influence social capital and threaten local independence and culture. Warnholz (2007) discusses concerns that the increasing presence of inclusive business in BOP markets can lead to negative externalities when business creates entry barriers as a competitive advantage and shapes monopolistic market structures. This can crowd out smaller entrepreneurs and as a result hinder consumer welfare. Furthermore he states that if such occurrences affect local labor intensive production, the labor market and incomes can also be negatively affected.

Van Tulder (2007) discusses concerns that the presence of inclusive business in BOP markets can lead to negative net effects. He makes a distinction between market creating and market substituting initiatives. Market creating initiatives can be effective in alleviating poverty by providing complementary jobs and creating new markets for products and services. The local competition for such initiatives is essentially non-consumption. Market substituting initiatives basically offer goods and services that are already provided by the informal market and local entrepreneurs. These initiatives have the potential to crowd-out local firms and employment, and as a result possibly damage more value than they create. Warnholz (2007) states that these negative externalities can especially occur when business creates entry barriers as a competitive advantage and shapes monopolistic market structures. The withdrawal of smaller entrepreneurs can also hinder consumer welfare. Furthermore if such occurrences affect local labor intensive production, the labor market and incomes can also be negatively affected. Jenkins (2005) provides an example of this describing the negative effects (displacement and income reductions) which British American Tabaco's sale of incense sticks had on the homeworkers who traditionally hand made these.

Van Tulder et al. make a further distinction between broad and narrow strategies. Whereas narrow inclusive business strategies merely focus on market opportunities, broad strategies assess the net effects of their operations including possible negative externalities. Therefore broad strategies are typically market creating initiatives. Blowfield (2005) for similar reasons claims it is important to make a distinction between companies that merely serve the poor and those that include poverty alleviation outcomes into their strategies and decisions.

According to London (2011) the problem is that assessments fail to investigate impact deep enough to understand the negative effects of an initiative's presence. He provides a couple of possible reasons for this. Business often receive funding in stages, which makes them want to show success at each stage in order to get funding for the next stage. However, in showing only success they do not explore opportunities for improvement. Secondly, firms have an overly confident mindset that for people in poor circumstances any improvement is good enough. They do not investigate deeply as this is costly yet will not provide an all-inclusive picture. It is more efficient to base analysis on output measures, such as the number of jobs created, clients served, products delivered, revenues generated, and training programs held. However these measures blind the initiative for possible improvement.

According to London (2011) what is needed is an in depth understanding of the mutual value creation, one which also reveals the negative effects. Munir et al. (2010) point out to the problem that inclusive business initiatives lack feedback mechanisms to understand the perspective of the intended beneficiaries. This is what makes it difficult to measure the initiatives' effectiveness. Indeed, several scholars have noted that the assessment method used by inclusive business initiatives is insufficient to show how well it is doing in terms of social impact (Ansari, Munir, & Gregg, 2012; London, 2011). Ansari et al., (2012) state, "our analysis of the literature, both theoretical and empirical, indicates that BOP ventures have not yet clarified their contributions to the social welfare of the population they are striving to serve" (p.21). Profitability and market share are easy to measure, but the inclusiveness of a strategy is more difficult and little effort is being made to progress this (Munir et al., 2010). In measuring impact on poverty, change in income is merely one dimension. The amount of value created or destroyed in other dimensions as dignity, respect, security, choice, and inclusion also need to be considered. Furthermore, it is important to understand how much of the total value created is allocated to the venture and how much to the local community (London, 2007). Ansari et al. argue that inclusive business needs to be evaluated based on the transfer and conservation of capability, the nourishment of existing social capital within the community and the extent to which connections between local social capital and more resource rich systems are enhanced.

London (2009) provides a framework for systematically assessing the impact of the initiative on the stakeholders. In his framework he includes three groups of stakeholders which are relevant for inclusive business: sellers, buyers, and communities in which the initiative operates. The aspects that need to be investigated for each stakeholder include changes in economic wellbeing (gains or losses in income, assets and liabilities), changes in capabilities (skills, health, and confidence) and changes in relationships of their stakeholders (independence, social status and network access).

Blowfield (2008) advances the discussion further and claims that business' impact on poverty is not as important as being accountable for causing, preventing, or alleviating poverty. Any business can have some sort of impact on poverty, but as development agents, business needs to take responsibility for the outcomes (Blowfield, 2009). Although there is evidence that business is attentive of the issue of poverty and presents some degree of activism, these initiatives are narrow because they do not include what to be accountable for and to whom, instead these initiative stem from self-interest (Blowfield, 2008).

Van Tulder et al. are of opinion that the reason why initiatives are often being implemented in a narrow way may also be because the conceptualization of inclusive business is not yet well established. "In order to be effective […] there is a need to classify and measure the impact of inclusive business projects. Not all models have a positive impact on development." (Van Tulder et al., 2011).

Several scholars have started categorizing inclusive business strategies based on certain impacts that it has on poverty or inclusion. For instance, Munir et al. (2010) classify strategies based on the degree of integration of the BOP in the production cycle, as they propose a higher level of integration will have greater poverty alleviation effects through capability building and knowledge transfer. Furthermore, they look at the level of commitment of the company. They distinguish four strategies:

Category of Initiatives	Involvement of BOP	Level of Commitment
market-driven	targeting sales and consumption BOP has no active participation the production chain	Minimal
distribution-driven	BOP employed in the production chain, performing same type of jobs as otherwise	Low (employed are easily replaceable and do not build capabilities)
production-driven	Employing the BOP as raw material suppliers and potentially enhancing skills and expertise	Low to Medium (depending on degree of BOP capability enhancement)
knowledge-driven	BOP integration into the higher value-added areas of a production (R&D or specialized manufacturing).	High (technical knowledge requires investment in BOP capabilities)

2.2.2.5 Inclusive business in practice

The concept of inclusive business is somewhat better established in practice, where international agencies, practitioners and researchers are widely using the term. Van Tulder et al. (2011) provide an overview of some of the definitions provided in practice, see Figure 7.

UNDP, Creating Value for All: Strategies for Doing Business with the Poor, 2008

"Inclusive business models include the poor on the demand side as clients and customers and on the supply side as employees, producers and business owners at various points in the value chain. They build bridges between business and the poor for mutual benefit. The benefits from inclusive business models go beyond immediate profits and higher incomes. For business, they include driving innovations, building markets and strengthening supply chains. And for the poor, they include higher productivity, sustainable earnings and greater empowerment" (p. 2)

IFC, Accelerating Inclusive Business Opportunities, 2011

"Inclusive business models expand access to goods, services, and livelihood opportunities for those at the base of the pyramid in commercially viable, scalable ways. Inclusive business models are helping companies turn underserved populations into dynamic consumer markets and diverse new sources of supply. In the process, companies are developing product, service, and business model innovations with the potential to tip the scales of competitive advantage in more established markets as well." (p. 2)

WBCSD & SNV, Inclusive Business- Profitable Business for Successful Development, 2008

"An Inclusive Business is an entrepreneurial initiative seeking to build bridges between business and low-income populations for the benefit of both […] An inclusive business therefore is one which seeks to contribute towards poverty alleviation by including lower-income communities within its value while not losing sight of the ultimate goal of business, which is to generate profits"

Endeva, Inclusive Business Guide, 2010

"These [inclusive business] models involve doing business with low income populations anywhere along a company's value chain: they are incorporated into the supply, production, distribution and/or marketing of goods and services. This generates new jobs, incomes, technical skills and local capacity. Likewise, poorer consumers can benefit from products and services that are not only more in line with their needs but are also affordable" (p. 3).

Figure 7 Inclusive Business Definitions

Scholars, practitioners and institutions have used various research domains to derive to similar kinds of business strategies which all concern inclusion of the poor. Over time this has led to independent labeling of such initiatives resulting in a wide range of terminology that is currently used to describe market-led initiatives that focus on poverty. Endeva (2010) compared the most commonly used terms that characterize inclusive business. They compared these terms based on the involvement of the poor and the group using the term. A depiction of their analyses is provided in Figure 8.

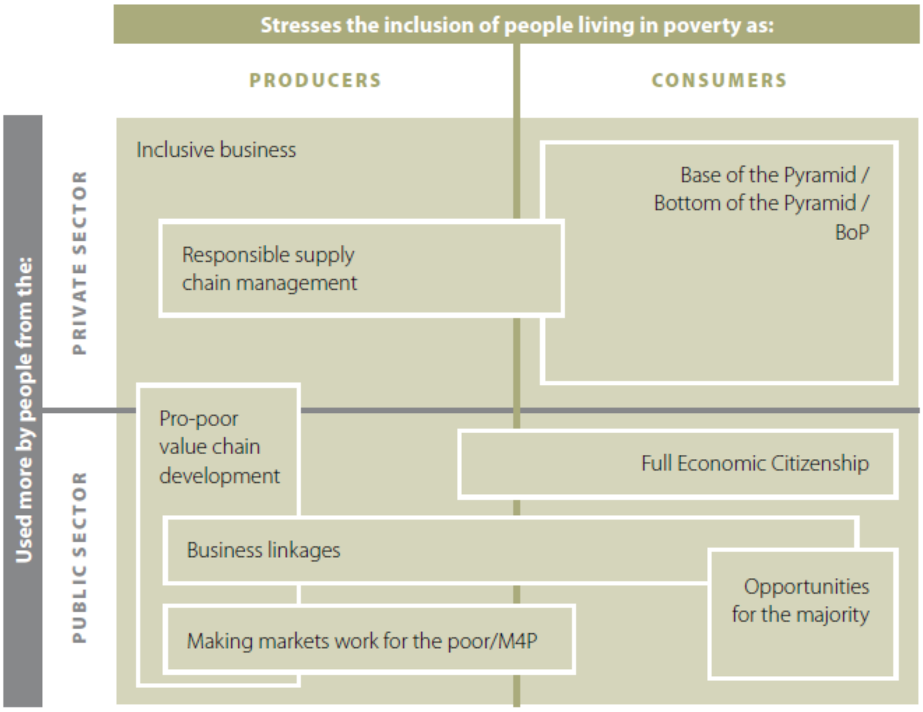


Figure 8 Synonyms for inclusive business (Endeva, 2010)

2.3 The role of Partnerships

Throughout both theoretical and empirical literature, collaborations, partnerships and networks are regarded necessary conditions for successful inclusive business.

As discussed previously, according to Van Tulder et al. (2011), partnerships are not only a key aspect for inclusive business, but also classify the degree to which an initiative can be regarded as inclusive business. An initiative's partnerships with NGOs and governments are a key aspect for linking inclusive business with inclusive growth. Therefore, the role of partnerships specifies the effectiveness of an initiative in poverty alleviation, to a certain degree. This however depends on the issue on which the partnership focuses, the nature of the partnership and its relation to the core business. Through their research, Van Tulder et al. (2011), found that 20% of the global 100 corporations are seeking active cross-sector partnerships in areas related to inclusive growth.

Although, the specific purpose for partnerships in inclusive business initiatives and the type of partners needed in various situations differs, the partnerships usually aim to fulfill business objectives, social objectives, or a combination of both. However, partnerships for business objectives seem to dominate the discussion. The following part discusses what drives the necessity for partnerships in inclusive business.

2.3.1 Need for partnerships

The market environment at the bottom of the pyramid is plagued by institutional voids, which represent complex challenges for inclusive business initiatives. Formal institutions in developing countries are generally weak and fail to offer a favorable environment for economic activity (M. Rivera-Santos & Rufin, 2010). Regulative institutions are insufficient or lacking and therefore do not offer businesses formal mechanisms such as protections rights, property rights or law enforcement (Miguel Rivera-Santos, Rufín, & Kolk, 2012).

Due to the inadequacy of formal institutions, informal institutions play a substituting role and are generally strong. Market transactions and governance are administered by informal market mechanisms and generally through social capital (London, 2007; Reficco & Marquez, 2009; M. Rivera-Santos & Rufin, 2010; Miguel Rivera-Santos et al., 2012; Webb, Kistruck, Ireland, & Ketchen, 2010). Although strong bonds exist within the community, deep rooted mistrust and skepticism exists towards other communities and outsiders (Reficco & Marquez, 2009; M. Rivera-Santos & Rufin, 2010). Furthermore, these local markets within a country can differ significantly in the construction of the informal institutions and thus in the way they operate (Webb et al., 2010). Conflict between communities is common and they depend mostly on intermediaries like NGOs or community representatives for links with the outside. For firms willing to engage in these markets it is thus important to relate to these local systems in order to be a part of them. Although this can be achieved by building local trust and legitimacy, this remains a challenge for firms as they are mostly uncommon with these environments. Finally, the competitive environment also presents some major challenges due to weak physical and informational infrastructures, lacking resources and market players, and undeveloped market demand (M. Rivera-Santos & Rufin, 2010).

These challenges significantly increase costs for operating. Companies must either develop capabilities that allow them to deal with these, or seek resources in alternative places. The challenges call for radical innovations in structures and processes, change in mindsets and particularly the ability to partner effectively with nontraditional players (Reficco & Marquez, 2009). "Leveraging external resources in the firm's operations requires cooperative processes" (Sanchez & Ricart, 2010, p.147). "In order to succeed in market initiatives with the BOP, partnerships are crucial" (Reficco & Marquez, 2009, p.2). Stabilizing the environment, filling institutional voids and leveraging social capital are specific drivers for inclusive partnerships (Reficco & Marquez, 2009).

The dominance of informal market mechanisms calls for a greater role from non-market actors to replace regulative institutional gaps and missing market actors. Partnerships therefore function as mechanisms to overcome the institutional and market voids. Rivera-Santos et al. (2012) claim that various actors can fill certain institutional voids, but no individual actor can provide all resources. Therefore partnerships require involvement of a variety partners.

2.3.2 Partnership types

Van Tulder (2010) distinguishes three types of partnerships based on the involvement of societal actors and the institutional voids the aim to address;

- **"Bipartite Public-Private Partnerships (PPPs)…** address the inadequate (private and public) provision of public goods.
- **Bipartite Private-Nonprofit Partnerships (PNPs)** [address]… the underinvestment in 'social capital' that results from the trade-off between the efficiency of the market and the equity orientation of civil society.
- **Tripartite Partnerships (TPPs):** …[address] problems that result from the 'institutional void' that develops due to retreating governments and weak governance structures" (p.8&9)

2.3.3 Types of collaborative value

Austin and Seitanidi (2012) regard the central justification for partnerships to be the creation of value. This value can be created by partners independently which is called "sole creation" or by partners conjointly, which is called "co-creation". They hypothesize that greater value can be created as the partnerships moves along the spectrum from sole creation to co-creation.

Austin and Seitanidi (2012) provide a spectrum of value creation which can be used to assess partnerships. With the value creation spectrum four types of value are distinguished which reflect different ways in which benefits for partners are achieved, these include; associational value, transferred resource value, interaction value and synergistic value.

Associational value concerns the benefits established from simply being associated to another partner, for instance the generation of projected credibility. This can be very useful in BOP markets for outsider firms. ***Transferred resource value*** concerns advantages which arise from access to resources through the partners. The significance of this type of value depends on whether the resources are generic and which any company can provide, like money, or organization-specific like knowledge, capabilities, infrastructure or a network**.** ***Interaction value*** is derived from processes of collaboration and concerns intangible benefits such as knowledge, learning, joint problem solving, conflict resolution and coordination. Finally, ***synergistic value*** can be regarded as the added value that is created by collaborating and combining resources and which could not be created by partners individually (Austin & Seitanidi, 2012).

The above described types of value are created by four sources of value; resource complementarity, gaining access to resources other than those already owned; resource nature, being either generic or organization specific; resource directionality and use, being a unilateral flow (coming primarily from one partner), or a bilateral exchange; and linked interests, although partnerships stem from a mix of altruistic and utilitarian motives, "self-interest—organizational or individual—is a powerful shaper of behavior" (Austin & Seitanidi, 2012, p. 5).

2.3.4 Partnerships development

Glasbergen (2011) provides a conceptual framework of the development of partnerships over time using three perspectives. The three perspectives show how the development of a partnership can; (1) move through different stages of core collaborative activities; (2) move from internal interactions, amongst partners, to external interactions, with the relevant external environment; (3) move focus on affecting partners and their collaborations, to impacting the governance systems of the relevant issue. Together these perspectives over time are connected in the "Ladder of Partnership Activity", see Figure 9 .

The first level refers to the need for building trust as a prerequisite for the partnerships process. In the second stage the collaborative advantage is explored by connecting individual interest with common interests and finding a common ground. The third step is defined as constituting a rule system and refers to formalization of the partnership arrangement. This includes specifying decision-making, governance and monitoring processes, obligations and commitments. The fourth step concerns changing a market and refers to the shift from internal to external interactions. The goal is to ensure outcomes are extended to the main-stream environment and implemented on a broader scale. The main concern in this stage is attaining legitimacy. The last activity level is that of changing the political order and concerns deliberate and unintended societal outcomes of the partnership on a governance level, thus having the ability to create systemic change (Glasbergen, 2011).

Figure 9 Ladder of Partnership Activity (Glasbergen, 2011)

2.3.5 Partners

Partnerships for business objectives can be used to fill institutional voids, leverage social capital, stabilize markets, create innovative solutions and gain specific contextual knowledge, competitive advantages, legitimacy or financial resources. In the literature several partners are suggested in order to gain such advantages or deal with environmental challenges. Although not collectively exhaustive, the following discusses some of the frequently proposed partners that are crucial for inclusive business and the contribution of collaborating with these partners for social or business objectives.

NGOs

Partnering with NGOs are some of the most widely discussed partnership mechanisms in the inclusive business literature. Partnerships with NGOs are highly regarded and proposed for a wide array of solutions. The following discussion concerns the various reasons for inclusive business to collaborate with NGOs. It should be mentioned however that scholars often discuss partnerships with the community-based organizations or local social organizations (S. L. Hart, 2010; London, 2007; Prahalad, 2005; Reficco & Marquez, 2009). Nevertheless, these partners are discussed for fulfilling the same purposes, therefore this discussion will use the term NGOs to cover the various terms.

One of the most important reasons to collaborate with NGO's is because of their social capital assets (Goldsmith, 2011). As mentioned earlier local communities often do not have an open or inviting attitude towards outsiders and often depend on intermediaries such as NGOs for these relations. This puts NGOs in a unique position for companies wishing to operate in local markets and thus access and leverage the local social capital structure (Goldsmith, 2011; Reficco & Marquez, 2009; M. Rivera-Santos & Rufin, 2010). Many scholars propose that NGOs thanks to their trusted position in communities can provide companies with legitimacy and credibility and as a result enable them to leverage social capital structures (Brugmann & Prahalad, 2007; Dahan, Doh, Oetzel, & Yaziji, 2010; Goldsmith, 2011; Oetzel & Doh, 2009; Reficco & Marquez, 2009; Rodinelli & London. T., 2003; Van Huijstee, Francken, & Leroy, 2007).

Partnerships with NGOs can also be used to tap into their knowledge and expertise of the local sector. As such NGOs can substitute for conducting market research and provide information of how the market operates, what the norms and values constitutes, what the needs of local communities are, as well as living conditions, hardships and social trends (Dahan et al., 2010; Oetzel & Doh, 2009). Rodinelli and London (2003) explain that partnerships may be the only way for external firms to attain such information, since developing this internally, through R&D for instance would be inefficient and too costly.

Based on this knowledge of NGOs, partnerships can also focus on co-creating solutions by enabling an exchange of perspectives and learning from each other (Dahan et al., 2010; London, 2007; Van Huijstee et al., 2007). These products and services will be better in sync with the local market context and thus offer a stronger value proposition. In these types of partnerships firms will focus more on actual product creation whereas NGOs will focus on the market side (Dahan et al., 2010)

NGOs can also represent a partner for overcoming the weaknesses of the market structure, such as weak physical and informational infrastructures, missing market players, lacking resources and undeveloped markets. NGOs can provide complementary service and products that help develop the demand for services and products (Oetzel & Doh, 2009). As such they can train communities to create sufficient human capital for labor requirements, can educate consumers and producers of the availability, the benefits and the utilizations of the offered services and products. They can also provide access to distribution systems (Dahan et al., 2010).

Finally, NGO partnerships can also become a competitive advantage as the endorsement of NGOs, as recognized experts on social issues and important community players, provides the firm and its products and service great credibility increasing the value of the offering (Dahan et al., 2010; Van Huijstee et al., 2007).

NGO's can also gain advantages from these collaborations, especially if the initiating firms are sizeable and have international connections (London, 2007; Prahalad & Hart, 2002). Firms can provide connections with external markets and offer local producers opportunities to benefit from the supply chain. Firms can also establish premium brand recognition for local productions and generate awareness and support for local issues in external markets (Oetzel & Doh, 2009). NGOs can also gain financial resources from firms and support for scaling up their activities. NGO's interests are also met indirectly as they can impact the improved product and service delivery to their beneficiaries which better fits local needs (Oetzel & Doh, 2009).

According to London "collaborations with socially-oriented organizations will only remain viable if the BOP hypothesis of mutual value creation holds". Firms rely on NGOs to operate in these markets and NGOs frequently allow firms to leverage their assets. Goldsmith (2011) states that although "the division of labor can work", NGOs are essentially "subsidizing the business side of the relationship" (p. 21). When NGOs are concerned that local firms and producers are being crowded or that not enough value is being created or distributed equally, they can force their commercial partners to acknowledge the negative externalities of their operations and to deliver on their social value (London, 2007). Alternatively, NGOs can also increase the costs of operating for firms (Vachani, Doh, & Teegen, 2009) or may decide partnerships with local firms to be more suitable for their interests (Jennifer Oetzel & Doh, 2009). As a result, NGOs due to their strong social capital assets and their preferred societal position have considerable power over firms.

Brugmann & Prahalad (2007) claim that NGO and businesses are starting to realize each other's strengths and weaknesses, and the potential benefits that can be achieved from long-term collaboration. Brugmann & Prahalad (2007) and London (2007) amongst other scholars therefore call for co-creating business models. "Cocreation involves the development of an integrated business model in which the company becomes a key part of the NGO's capacity to deliver value and vice versa" (Brugmann & Prahalad, 2007, p.89).

Governments (home & local)

A role for government in inclusive business is not discussed as frequently as NGOs, particularly not in the form of partnerships. Rivera-Santos et al., 2012 propose that especially governments on the national level can be beneficial as partners. Governments can provide a degree of institutional protection against sudden regulatory changes and provide access to resources such as financing.

Munir, Ansari, and Gregg, (2010) discuss partnerships with government in inclusive business more extensively. They explain that governments have a significant role to play in order to facilitate the (social) effectiveness of the initiative. Besides offering the BOP a certain degree of protection, cooperation between MNC's and government provide the initiative with legitimacy and reduce the overall risks faced by all parties. As a result government involvement can increase the success rate of BOP ventures.

Munir et al. (2010) state that to determine how an initiative achieves social benefits and thus contributes to poverty alleviation it is important to determine how the BOP is involved in the value chain and which possibilities there are to move them to higher value added activities. Governments can facilitate initiative in creating a greater impact. As a result Munir et al. add an extra dimension to the categorization of inclusive business models presented earlier:

Munir et al. (2010) claim that the greater the involvement of the BOP and the commitment of firms, the more the role of government is one of positive support and collaboration. Furthermore, in essence governments can also stimulate transition to higher impact initiatives.

A market-driven and distribution-driven initiatives approach with limited company commitment and low involvement of the BOP, these initiatives can be regarded as exploitative and may require government regulation and oversight, for instance, to ensure minimum wages and labor rights. In distribution-driven initiatives this depends on the extent to which capabilities are developed. Government can also contribute to impact by implementing mandatory subsidized training programs.

On the contrary to the previous two, in production- and knowledge-driven initiatives, because a higher level of commitment is displayed, government participation can take on a more collaborative role. Government partnerships in these cased can for instance focus on establishing a stable supplier base, subsidize advanced training or act as a broker between the MNC and local suppliers. Government can also provide technical support and incentivize company commitments to the BOP (K. Munir et al., 2010).

Category of Initiatives	Involvement of BOP	Level of Commitment	Role of government
market-driven	targeting sales and consumption BOP has no active participation the production chain	Minimal	government regulation
distribution-driven	BOP employed in the production chain, performing same type of jobs as they would otherwise	Low (employed are easily replaceable and do not build capabilities)	regulation and collaboration
production-driven	Employing the BOP as raw material suppliers and potentially enhancing skills and expertise	Low to Medium (depending on degree that the capabilities of the BOP are enhanced)	collaboration
knowledge-driven	BOP integration into the higher value-added areas of a production (R&D or specialized manufacturing).	High (technical knowledge requires significant investment in BOP capabilities)	collaboration & support

Table 2 BOP involvement, firm commitment and the role of government (K. Munir et al., 2010)

Donors (developing agencies, governments, investors)

Finally several scholars have mentioned the need of partnerships and support with donors, such as development agencies, governments, and social investors.

London (2007) argues that because inclusive business initiatives need to absorb the costs to of lacking markets mechanisms, they are essentially fulfilling tasks of subsidized poverty alleviation initiatives. Therefore they need subsidies, low-cost loans or philanthropy to cover start-up costs.

Goldsmith (2011) similarly claims that the majority of inclusive business cases depend on philanthropy and grants for start-up and even operations. Moreover, his review of cases shows that although inclusive business initiative can reach BOP segments, this usually depends on cross-sector subsidies from non-profit or government organizations.

Selecting partners

Gradl, Krämer, and Amadigi (2010) explain that although both researchers and practitioners frequently claim partnerships to be a key success factor for the implementation of inclusive business/ BOP models, what to base partner selection on is not clear. Basing their research on the Resource Based View of the firm, Gradl et al.

(2010) examines which of a partner's resources and capabilities can determine the success of an inclusive business model. Their findings show that when operating in BOP markets and cooperating with external partners, a key determinant for success of the business model are a partner's linkages or network. It is thus important to consider which stakeholders are relevant for the initiative's success and whether potential partners will be able to involve all the relevant stakeholders.

2.3.6 Risks and challenges

Besides the many advantages that partnerships promise to bring, there are also some barriers and risks for creating partnerships.

Van Huijstee et al. (2007) caution for risks and challenges relating to the blurring of tasks and responsibilities, cultural differences between partners, insecure outcomes and possible loss of legitimacy when partnerships do not go as planned or opportunism occurs.

Munir et al. (2010) discuss some additional downsides of partnerships for inclusive business and specifically discuss context-specificity, non-market burdens and overdependence.

As many of the partnership advantages are built on very specific locals assets based on embedded relations they will not hold in when expanding to new markets. Thus the investment in gaining these advantages cannot be leveraged in later stages. Also, the informal nature of the partnership can create non-market burdens. As opportunism can emerge through some key players and create conflict when wide varieties of actors demand equal treatment and distributions of benefits. At this point the firm can become a central factor in the dispute. Finally, the importance of partnerships for success can lead to overdependence. Partnerships can be fragile and overdependence on them can lead to a backlash in case of adverse market conditions and unfulfilled expectations for partners.

2.4 The Challenge of Scaling

Recently market led initiatives to fight poverty have become quite popular (Karamchandani, Kubzansky, & Frandano, 2009). These models which involve people living in poverty in any stage throughout the value chain promise to generate jobs, income, skills and capabilities, while providing opportunities and access to more affordable products and services (Gradl & Knobloch, 2010). However, a significant increase is needed in the number of (commercially) sustainable initiatives operating at scale in order to meet the needs of four billion people living in poverty (Prahalad, 2005; Marquez, Reficco, & Berger, 2010; Jenkins et al., 2010; Hammond, 2011).

With the dual (business and development) objective of inclusive business initiatives, the most successful projects operate at a sufficiently large scale to make a difference to communities in poverty (Karamchandani, Kubzansky, & Frandano, 2009; London & Hart, 2011) and are financially self-sustaining when considering social businesses or financially-viable when considering commercial businesses.

Prahalad (2005) suggests scaling is important to increase reach and therefore the impact of the development efforts. But more importantly, scaling is a prerequisite because returns in BOP markets largely depend on the volume of operations. Inclusive business models are usually expensive, "high-touch" models, which require the provision of financial services, training of suppliers, distributors and retailers and educating customers (C. Gradl & Jenkins, 2011). The high cost of operations and high price sensitivity of consumers in these markets almost always result in low operating margins. High volume not only increases the amount of transactions, but also enables economies of scale and scope to emerge. Thus in order for business to be commercially viable and sustainable, high volume is required (Prahalad, 2005; Jenkins & Ishikawa, 2010).

For social entrepreneurs scaling is important because their main goal generally focuses on having the greatest possible impact (Bloom & Smith, 2010). Therefore much of the social entrepreneurship literature concentrates on social impact scaling instead of scaling organizations (e.g. Bloom & Chatterji, 2009; Bloom & Skloot, 2010; Dees, Anderson, & Wei-skillern, 2004). However, in order to scale social impact, social entrepreneurs need to be profitable so that returns can be reinvested in the initiative (Bloom & Chatterji, 2009). Furthermore, social entrepreneurs' typical reliance on external financing, particularly in the early stages of development requires them to satisfy donors and supporters whom demand high social returns on investment (Bloom & Chatterji, 2009). Thus despite the primary social objective, these demands require social entrepreneurs to function in similar ways a commercial ventures. As a result, inclusive business initiatives focusing less on the profit objectives or not at all, face similar concerns.

By ensuring financial viability and thus scaling inclusive business models, the impact of the initiative will increase and reach a larger amount of people (Gradl & Knobloch ,2010). As such, Jenkins and Ishikawa (2010) explain that "…scale is important for business reasons (to compensate for low margins and reach commercial viability) and development reasons (to match the scale of the need on a sustained basis)".

"Relatively few companies have managed to realize inclusive business' potential for business growth and development impact at scale" (Gradl & Jenkins, 2011; Garrette & Karnani). Although hundreds of cases of inclusive business initiatives have been documented, most still need to reach significant scale (Karamchandani et al, 2009; Jenkins & Ishikawa, 2010; London & Hart, 2011; Gradl & Jenkins, 2011,). As high impact profitable initiatives are the exception and not the rule, the documented cases currently paint a bleak picture. Various initiatives failed, remain local, and others even turned into philanthropic ventures due to insufficient financial viability, London & Hart (2011) explain that serving BOP markets is not just providing low-cost products to an untapped market; these markets need to be developed. This is why inclusive business models are resource intensive requiring companies to have a long term commitment to the market (Jenkins et al., 2011). An important development in the field of understanding BOP markets is therefore the transformation from a "fortune-finding" orientation to "fortune-creating" orientation (London & Hart, 2011).

2.4.1 SCALERS

Klein (2008, p.208)p. 208 explains scalability to be the capacity in which an organization can expand quickly, effectively, and efficiently. Scaling quickly by rapidly serving more demand, scaling effectively by expanding without compromising performance, and scaling efficiently by expanding using little cost and effort.

Bloom & Chatterji (2009) developed a model to facilitate entrepreneurs in enhancing scalability by identifying organizational strengths and weaknesses that hinder or enhance scaling. In this model they identified seven drivers (organizational capabilities) for successful scaling of social impact. These drivers, known as SCALERS, include; staffing, communications, alliance building, lobbying, earnings generation, replication, and stimulating market forces. The extent to which each of the SCALERS has an impact on scaling is dependent on characteristics of the internal and external environment.

- **Staffing**, or the effectiveness to fill labor needs is important for scaling depending on the actual need for labor in the development strategy.
- **Communication** refers to the effectiveness with which key stakeholders are persuaded to adopt or support the initiative. Communication becomes more or less important depending on the degree of public support that already exists in for the initiative.
- **Alliance building** is the effectiveness with which partnerships, alliances and collaborations can be formed concerning the desired results. This is regarded as an essential ingredient for scaling and can enhance the effectiveness of all the SCALERS. "The successful social entrepreneur does not worry about property rights and "owning" the social venture, but instead operates in a collaborative, "open-source" manner, trying to get everyone contributing to the scaling effort." (p.119).
- **Lobbying** refers to the ability to effectively advocate for government support to attain laws, regulations, financial support, and taxes that are in favor of the initiative's results.
- **Earnings Generation** or the effectiveness of generating a positive revenue stream can impact scaling by impacting the effectiveness of other SCALERS (through resource allocations) and by enhancing legitimacy and influencing power. The importance of earnings generation for scalability is dependent upon the degree of financial resources available when scaling.
- **Replicating** is defined as the effectiveness with which programs can be duplicated without compromising quality. The impact of replicating on scaling is dependent on the demographic heterogeneity of beneficiaries and the geographic spread, of which a high degree will limit the effectiveness of replicating.
- **Stimulating Market Forces** is the effectiveness of creating incentives to encourage players to contribute in serving own interests and interests in the public good. This is dependent on the extent in which economic incentives to motivate behavior is used in the sector.

Bloom and Chatterji (2009) explain these SCALERS can be used as a roadmap to guide initiatives in scaling by looking at the environment and their position regarding strengths and weaknesses. By understanding which SCALERS are important for their situation and acting upon this, effective progress to scaling can be made.

2.4.2 Theories of Scaling

Business scaling, expansion or growth is commonly described as a stage in the development process of an initiative (Perrini, Vurro, & Costanzo, 2010). For instance, Webb et al. (2010) explain that growth is an extension of the exploitation of an opportunity. Effective exploitation of an opportunity essentially leads organization to recognize and exploit new opportunities in “broader” markets, referring to growth. Although some preliminary knowledge and experience may already be held by the organization, growth as a new opportunity will create new sources of uncertainty.

According to London (2011) and Perrini et al. (2010) an initiatives success in scaling is dependent on the success in other stages of a venture’s evolution. London explains that ensuring all stages in the development trajectory are effectively implemented can lead to success or failure of an initiative. Especially the early stages of the development process require careful attention as they can have significant negative consequences on the subsequent stages of the development process, and thus on scaling of the initiative. When reviewing the scaling potential of an initiative it is thus worthwhile to consider the complete development process.

Many scholars have presented models that describe the development of a venture as an emerging process with various progressive stages (e.g. Elkington, Hartigan, & Litovsky, 2010; London, 2011; London & Anupindi, 2011; Perrini et al., 2010; Van Sandt, Sud, & Marmé, 2010; Webb, Kistruck, Ireland, & Ketchen, 2010). Most of these models show an initial stage in which the opportunity is identified and the business model is designed, and a final stage representing the exploitation of the opportunity or growth. Table 3 provides an overview of some of the proposed development trajectories, or as Elkington et al. (2010) phrase “pathways to scale”.

Proposed Scaling Trajectories						
	initiation		→			expansion
London, 2011	designing		piloting		scaling	
Van Sandt et al., 2010	recognition		generating momentum		execution (to maximize impact)	
Webb et al., 2010	alertness	recognition	exploitation		growth	
Perrini et al., 2010	identification	evaluation	formalization	exploitation	scaling	
Elkington et al., 2010	eureka	experiment	enterprise		ecosystem	economy
S. L. Hart, 2010	Pre-Field		In-Field (opening up, building the ecosystem, enterprise creation)		Scaling out (organic propagation, business transplantation)	

Table 3 Comparison of scaling trajectories

It should be noted however, that the evolution on inclusive business initiatives does not necessarily occur in a linear manner. The very specific characteristics of the BOP market represent major challenges for initiative development (Webb et al., 2010). Therefore exploiting opportunities in the BOP market requires market creation (London, 2011; Webb et al., 2010). “Market creation [is] a process that requires exploring strategies to enhance consumer demand, reduce transactions costs with suppliers, and facilitate the development of public goods” (London, 2007, p.22). This entails learning and adapting, revising business model design, and starting the process over when scaling (due to the heterogeneity of markets). While phases of the development process generally are the same, due to these unique challenges the entrepreneurship process is much more an iterative process, than compared to venture development in developed markets (e.g. (S. L. Hart, 2010; London, 2011; Van Sandt et al., 2010; Webb et al., 2010). Therefore some of the proposed scaling trajectories include phases that are iterative, whereas others see the whole process as being iterative.

In describing their 5 stage model, Perrini et al. (2010) review the role of the individual and the context. Being the driver of an initiatives evolution, the development process is regarded as a product of the ability of the founder. Furthermore, the entrepreneurial process is affected by the environmental and institutional context in which it is embedded. Perrini et al. assess the way these variables affect the unfolding of the development process, and for each stage propose several propositions suggesting consistency between organizational, individual and contextual aspects.

Webb et al. (2010) similarly discuss the effect of contextual factors on the development process, but rather focus on MNCs and the institutional barriers they face. In doing so they explain that due to institutional barriers, the development process is a market-driving process, requiring MNCs to create the market and the means through which they would like to serve the market. Webb et al. (2010) propose to use partnerships with NGO's as tool to overcome the various institutional challenges at each stage of development. Locally embedded NGO's can greatly facilitate the scaling process of an initiative in BOP markets. Being familiar with institutions they can provide knowledge, resource and enhance legitimacy.

London (2011) highlights the importance of establishing and enhancing mutual value throughout each stage of the development process in order to be successful, see Figure 10.

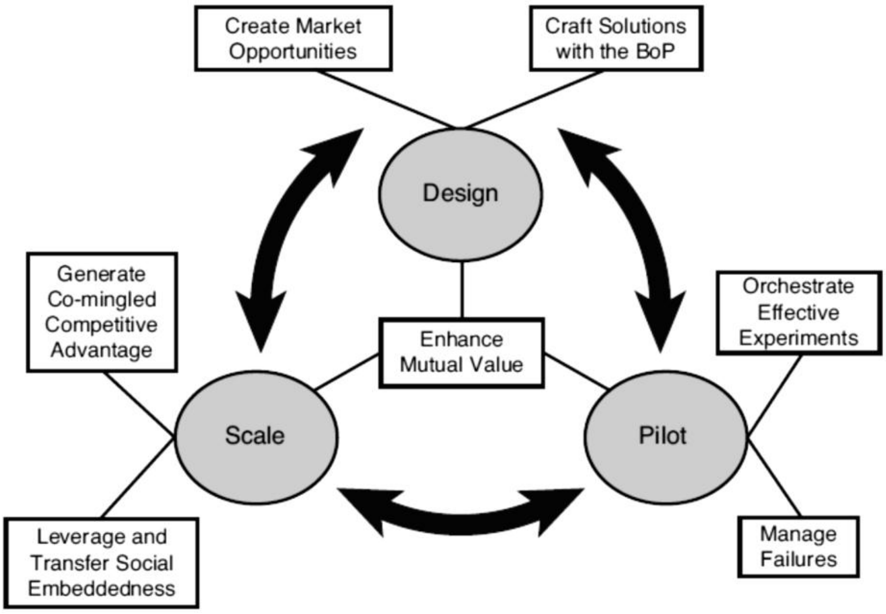


Figure 10 Seven key principles of venture development with the BOP (London, 2011)

2.4.2.1 Opportunity recognition & development

According to Webb et al. (2010) the early stages of the development process of opportunity alertness and recognition are plagued by the institutional distance between MNC's home market and the BOP host market, as MNCs have an inability to understand the local culture, customs and norms, and thus the informal institutions. Overcoming institutional distance between home and host markets can be overcome through partnerships with NGO's with deep knowledge of the BOP market. Besides the inability of initiators to understand local conditions as explained by Webb et al. (2010), London (2011) also notes the market awareness and inability to take advantage of the offered solutions in both consumer and producers markets as an major issue. Therefore, in design stages of the process, London offers key principles of market creation, as mentioned earlier, and crafting solution with the BOP.

2.4.2.2 Business model development and opportunity exploitation

When moving from opportunity recognition to opportunity exploitation, the challenge of local institutional voids emerges as inadequate market mechanisms hinder efficient operations and informal institutions are difficult to enter as an outsider (Webb et al., 2010). In overcoming the institutional voids that challenge the transition from opportunity recognition to exploitation, MNCs can partners with NGOs in order to leverage the informal institutions and gain access to essential resources. This requires NGOs to be deeply embedded within the market having a strong network and local legitimacy.

In this stage London (2011) emphasizes the need for experimentation and iteration. He therefore calls this stage piloting in order to indicate the importance of starting small and learning, before attempting to fully exploit the opportunity. To do this effectively he claims it is important to use the right metrics. According to Van Sandt et al., (2010) metrics can act as a catalyst in scaling by facilitating enhanced assessment of effectiveness and thereby improving resource allocation. Furthermore, the right metrics can facilitate access to resources (through social investment capital). Scholars generally agree that the unique challenges of the BOP market and extended duration of moving back and forth through the stages, make it crucial to use long-term goals and assessment metrics that also involve social and reputational achievements. Thus conventional financial tools to value the opportunity, such as cost/benefit and breakeven analyses, and net present value must be adjusted in a manner reflecting the BOP challenges related to the dual objectives and market context (Van Sandt et al., 2010; Webb et al., 2010). Only then will be the opportunity be enabled to evolve from merely recognition to exploitation.

Finally, London (2011) also cautions to ensure effective communication with partners and stakeholders in order to manage expectations and limit the negative consequences that may emerge in case of failure.

2.4.2.3 Growth and scaling

Types of scaling

Moving from exploitation to growth, London (2011) explains established business models can take one of several approaches to scaling. A business model can choose to *scale up* which entails enlarging their current business model across familiar contexts. On the other hand businesses can also *scale wide* by offering similar products and services to new or unfamiliar contexts, or businesses can *scale deep*, which involves offering new products and services to the same customers. Business expansion in each of these dimensions of scaling determines the total volume of the inclusive initiative (Gradl and Knobloch, 2010) (see Figure 11).

The approaches to scaling described by London are analogous to the highly popular product-market growth strategies presented by Igor Ansoff (1957). Ansoff distinguished four alternative growth strategies for firms based on the chosen product and market combination for growth. The four alternatives include market penetration, market development, product development, and diversification, and are presented in a matrix along dimensions of product and market, see Table 4.

Corresponding with London (2011), Gradl and Knobloch (2010) describe three varieties of scaling, although using an alternate terminology for each type. As such, they describe business can expand in breadth; by implementing the project in a different region (known as scale wide by London, 2011), in depth; by deepening the penetration of the same target group with the same products and services (known as scaling up by London, 2011), or in width; by widening the portfolio of products and services (known as scaling deep by London, 2011).

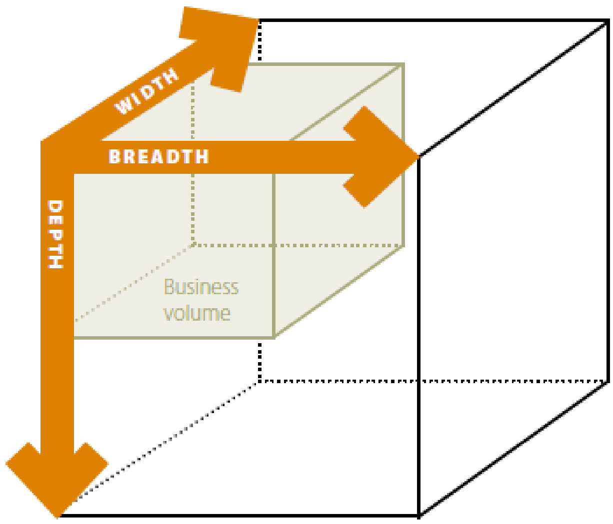


Figure 11: Dimensions of Business Expansion. Source: M. Bachmann and P. Vermeulen (2008) depicted by Gradll and Knobloch (2010)

Market penetration is a growth pattern focusing on the same product and the same market and thus is the equivalent of London's (2011) scale up strategy. Market penetration in a growing market will require minimal effort as the company can grow with the market and thus merely needs to maintain market share in order to grow. In a stagnating market however, market penetration requires increasing market share and thus a stronger competitive position. Furthermore, market penetration can focus on increasing the total volume of transactions which involves increasing product usage of existing customers (Proctor, 1997). This approach to scaling is a relatively low risk growth strategy as it allows leveraging current resources and capabilities. Nevertheless, it does require an enhanced competitive position in the current market and relational efforts in order to increase the customer base.

ANSOFF'S PRODUCT-MARKET GROWTH MATRIX	Existing Markets	New Markets
Existing Products	Market Penetration *Scaling up (London, 2011)*	Market development *Scaling wide (London, 2011)*
New Products	Product Development *Scaling deep (London, 2011)*	Diversification -

Table 4 Ansoff's (1957) Product-Market Strategies for Growth vs. London's (2011) Scaling Strategies

Scaling wide is analogous to Ansoff's (1957) ***market development*** as it concerns using existing (or slightly adapted) products for new markets. Market development can be achieved by targeting additional geographical markets, distribution channels or customer segments. This growth strategy involves more risk than market penetration as new barriers to entry need to be faced in the new market (Proctor, 1997). As discussed previously, especially in BOP markets there are significant entry barriers. On the contrary a market development strategy enables economies of scale to be obtained in production and/or supply by leveraging resources and capabilities. A market development strategy will be most suitable for initiatives of which the strengths relate stronger to a particular product rather than to its experience to a given market segment.

London's (2011) scaling deep is equivalent to Ansoff's (1957) ***product development*** strategy where the focus is on existing market segments using new product offerings. By focusing on the same market segment this strategy enables an initiative to leverage customer knowledge, brand awareness, communication channels and other resources. On the contrary, like scaling wide, this strategy involves more risk than merely scaling up, as offering new products often requires the development of new competencies, access to other resources, substantial research and development, and launching costs (Proctor, 1997). A scaling deep strategy will be most suitable if the initiative's strengths are more strongly related to the customer segment rather than to the particular product or service.

Whereas London (2011) did not provide a scaling strategy for initiatives looking at growth in new markets using new products, Ansoff (1957) named this growth strategy ***diversification***. According to Ansoff diversification is the most risky strategy as it requires divergence of current products and markets simultaneously and thus does not allow leveraging of current resources or capabilities. Within diversification a distinction can further be made when firms attempt to grow by focusing on new or related markets and/or products. Focusing on related markets and products would allow a firm to leverage some of the experience and expertise it already has and is therefore less risky. There may also be some synergy that can be gained in for instance marketing or production (Proctor, 1997). Finally, diversification can be achieved by remaining within the product value chain through backward or forward vertical integration. This entails moving into the business of suppliers (backward integration) or into the business of distributors or customers of the current position in the value chain (forward integration). Vertical integration as a diversification strategy can enable an organization to attain greater control over the value chain. As a result this strategy can be useful for improving access to resources, distribution and creating a favorable competitive position (Proctor, 1997).

Barriers to scaling

Hammond (2011) developed a categorization of the barriers which inclusive business models face which make scaling difficult. The first category entails a lot of challenges which derive form a lack of knowledge of the basic business tools, however, this can be taught and thus overcome. The second category of barriers represent more difficulty and stem from local micro level challenges, which include engaging a fractured community, managing distribution when transport and power are unreliable, and nontraditional approaches to marketing. Finally, the third set of challenges concerns macro, global level challenges. These barriers are characteristic for existing initiatives that attempt to scale and amongst others include finding strategic global partners, raising global capital and acquiring technology to support and enhance business processes.

Given these challenges, the reason why initiatives often fail can depend on the overall approach that is taken (Hammond, 2011). Top-down approaches where businesses from developed countries attempt to provide a solution in an unfamiliar market usually fail because they do not have deep rooting connections, which London (2011) calls social embeddedness. This is why more success stories start with a bottom-up approach. Nevertheless, bottom-up approaches often fail to scale because they do not sufficiently plan and prepare the business model and operations for scale. These bottom-up initiatives are therefore often not able to overcome all the barriers that accompany the scaling of an initiative.

As a result, Hammond (2011) proposes there are in general two ways in which initiatives can be sufficiently equipped for the various challenges in BOP markets and as a result be successful and operate at sufficient scale. The first approach entails taking a combined approach by involving both global and local dimension in the foundation of the initiative. This approach generally entails various ways of leveraging local networks and partnerships between non-local firms and the community or locally-embedded NGO's. The second approach can be complementary to the first and requires building an ecosystem of partners, stakeholders, advisors, and core actors to enable scaling. This strategy essentially entails expanding the scope of the development process in order to gain advantages from a broader context. Hammond (2011) explains these advantages include attaining partners, supporters, innovations, and new solutions to enhance venture development and thus scaling.

Scaling wide & scaling deep

Scaling wide and scaling deep basically require a company to start the development process over regarding going through the stages of identification, design and exploitation (Web et al. 2010; London, 2011;). In scaling deep this is required to create demand for a new product or service. In scaling wide restarting is required due to the institutional challenges which are unique to certain markets (Webb et al., 2010). Namely, as BOP markets are notorious for their heterogeneity, one BOP market's institutions differ significantly from another BOP market within the same country. Knowledge gained by an organization will therefore be insufficient for the new markets, which in turn requires adaptation to new informal institutions and local infrastructure and thus restarting the development process. Therefore high diversity (intra-institutional distance) of BOP markets within a country can effectively limit the growth potential of an initiative (Webb et al. 2010).

According to Webb et al. (2010), these challenges can be offset by an NGO network's breadth and reach through partnership, allowing MNCs to adapt more easily across new BOP markets. London (2011) suggests it is important to transfer "hard-won skills" (p.34) and knowledge to new contexts, as previous experience allows the business to move through stages of development at a higher pace. It is therefore in these cases important to develop a capability of "social embeddedness", which London (2011) clarifies as "the capability to gain a deep sense of the social context and a detailed knowledge of the intrinsic economic rationale of the local economy" (p. 34). This capability is dependent on the skills of gaining access to essential knowledge and skills relating to the interpretation and utilization of this information. In order to achieve this, a business needs to develop deep mutually beneficial relationships with partners and local stakeholders.

Bloom & Chatterji (2009) also distinguish between scaling wide, attending to more markets (replicating), and scaling deep, enhancing the social outcomes. However, they hypothesize that when dispersion (the extent of demographic and geographic variation in the people the organization is trying to serve) is great it is better to scale wide and replicate, whereas, when there is small dispersion of beneficiaries it is better to scale deep or scale up and grow from the home organization.

Scaling up

When an initiative attempts to scale up, thus using the same products and services for the same context, starting the development process over is not a requirement. Instead an initiative should focus on developing a sustainable competitive advantage. However, gaining a competitive advantage in BOP markets through traditional means, such as investment and registering property rights, is difficult due to the institutional voids. Thus essentially the playing field is leveled (London, 2011). London therefore proposes that to achieve scale, BOP ventures must create and sustain a "comingled competitive advantage" by gaining access to and enhancing local platforms, such as existing networks and physical infrastructure, social capital, existing distribution systems and informal leadership. This tactic generally resembles what Hammond explains as building an ecosystem.

Briefly reflecting back at the concept of mutual value creation; platforms are often created and coordinated by community organizations and nonprofits that have their own interests and require some developmental type of value creation or investment in the platform which facilitates advancement of their social mission. Thus in order to collaborate with these parties and gain exclusive access to their platforms, a company needs to ensure that the interests of partners are met. Furthermore, in order to sustain the competitive advantage partners must remain satisfied with the type and amount of value that is created also in relation to what competitors may offer. London (2011) therefore claims that developing a comingled competitive advantage and gaining exclusiveness to platform assets requires a company to make unrecoverable investments outside the scope of the business.

Gradl and Jenkins (2011) explain that “inclusive business ecosystems … are communities or networks of interconnected, interdependent players whose actions determine whether or not a company’s inclusive business model will succeed” (p.9). Ecosystem players typically include resource providers, competitors, complementary organizations, beneficiaries, policy makers, opponents and problem makers, and affected or influential bystanders, (Bloom & Dees, 2008). Furthermore the environmental conditions that are part of the ecosystems can significantly affect the existence of players within the ecosystem and their relationships with each other. Bloom and Dees categorize the environmental conditions as politics and administrative structures, economics and markets, geography and infrastructure, and culture and social fabric.

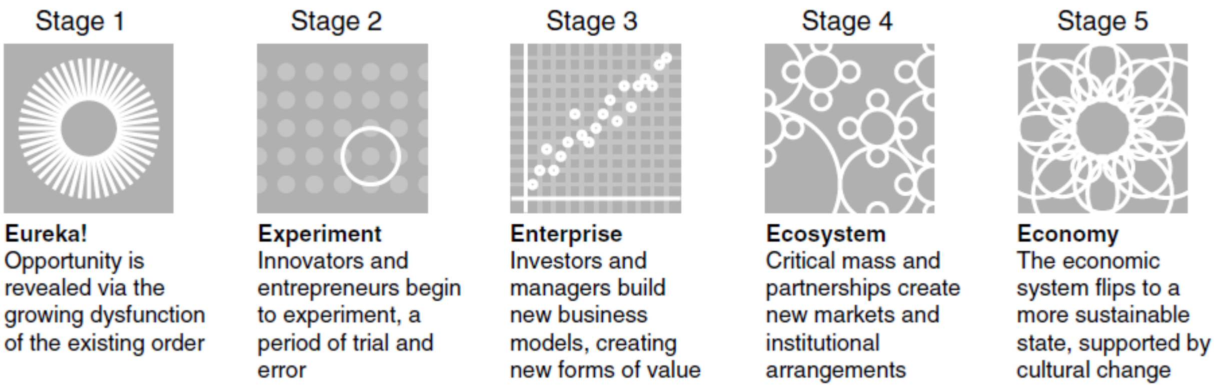
Although the ecosystems affects players within it, Players themselves can also change the ecosystem (Bloom & Dees, 2008). The ecosystem perspective is particularly relevant for inclusive business initiatives due to the complex environment in which they operate. An ecosystem perspective in strategy takes into account a wide range of players and environmental factors (Bloom & Dees, 2008). The environmental challenges that plague BOP markets are often too systemic to tackle through individual business scaling. Although individual organizations can compensate for institutional voids, inclusive ecosystems can transcend them (C. Gradl & Jenkins, 2011). For this reason the ecosystem is an important tool in scaling inclusive business initiatives.

Based on their research, Gradl and Jenkins (2011) explain that ecosystems are often used for a variety of purposes, including enhancing awareness, building capacity, research, sharing information, public policy dialogue, and creating new organizations.

Creating systemic social change

Although all the proposed development processes look at scaling initiatives, these processes are based on scaling the individual organization. Elkington et al. (2010) claim the organizational level is insufficient for realizing systemic social change and go a step further in describing their pathway to scale. The great social intentions, insufficient resources and major market challenges of inclusive business require the establishment of partnerships and alliances. Individual actors can initiate change; however, a systemic solution will need to be “tackled collectively and on many fronts”. How partners can be engaged is the current challenge (Elkington et al., 2010).

Elkington et al. (2010) developed a five stage model that represents a pathway to scale. In this model the first three steps are the important development stages of the single organization. Yet in order to achieve systemic change, a shift is needed from individual initiatives to broader influences on society and markets which are represented by stage 4 and 5. The move from step 3 to 4 represents a transition to collaborative arrangements by broadening the ecosystem. Thus not only the linear value chain is important in these stages, but also engaging with key stakeholders. If initiatives will truly represent a significant change in a global issue, further scaling to stage 5 is important. This involves embedding the solution in the market and society which will lead to broad-based adaptation. To achieve this final stage requires changes in culture, regulations, political agendas and governance processes. Currently the field needs to focus on how to move from scaling individual enterprises (Stage 3) to ecosystems (stage 4).



Whereas Hammond (2011) and London (2011) emphasize that building an ecosystem can provide (sustainable competitive) advantages that ease the pathway to scaling, Elkington et al. (2010) propose to use ecosystems in order to create systemic social change. Ecosystems enable an inclusive solution to be embedded in the economy. To create systemic change there are in principal, two ways in which the ecosystem can be used. Firstly, by changing one or several environmental conditions which affect the behavior of players within the ecosystem. This entails altering the functioning of markets, creating new public policies and building infrastructure for instance. Secondly systemic change can be created by spreading new practices, organizational structures, and business models that throughout the ecosystem will lead to changing behavior (Bloom & Dees, 2008).

<u>**Collaborating to scale**</u>

The above discussion has provided a variety of reasons and methods to collaborate in order to facilitate scaling. Accordingly, Perrini et al (2010) networks and partnerships are key instruments for opportunity exploitation and scaling. Whereas networks can facilitate in increasing demand and improving effectiveness, partnerships can provide expertise, legitimacy and increased bargaining power. They therefore suggest that the transition from exploitation of an opportunity to scaling the opportunity is intervened by the availability of networks in the context and the leadership's ability to create networks.

On the contrary, conducting case study research in the housing sector of BOP markets, Perrot (2009) found that partnerships are a necessary but not sufficient condition for scaling inclusive business initiatives. Whereas partnerships are necessary to gain required capabilities to function in the BOP market and to create value, these partnerships are not sufficient to create scalable business models. The two case studies that Perrot discussed both pursued scaling strategies that required the establishment of cross sector partnerships. However, in both cases the partnership dimension also appeared to be the main limitation to further scaling due to conflicting interests with either the partner or other stakeholders.

2.4.3 Scaling in practice

An exploration of the challenges and solutions of scaling inclusive business in practice generally produces similar assessments and recommendations, and will therefore be discussed briefly.

The market environment at the BOP has distinct features and is mostly characterized by significant institutional, informational and infrastructural voids which are the causes for the barriers to scaling (Gradl & Jenkins, 2011). The various barriers to scaling have been specified by many scholars and practitioners (UNDP, 2008; Karamchandani, 2009; Jenkins & Ishikawa, 2010; Gradl & Jenkins, 2011). The most commonly stated barriers for inclusive business stem from the operating environment. According to the UNDP (2008) common barriers to scaling include lack of market information, ineffective regulation, inadequate infrastructure and limited knowledge, skills and access to finance among the BOP. Other barriers to scale include unrealistic expectations on time to reach scale, lack of access to adequate financing, difficulty of business model adaptation, lack of appropriate partners in new markets and a lack of internal buy-in within the firm (Jenkins & Ishikawa, 2010).

On a more positive note, according to several researchers despite these major challenges significant scale can be achieved but normally takes time (Karamchandani et al., 2009; Jenkins et al., 2011). This especially is the case when the initiative is undertaken by small enterprises with no involvement of large-scale partners. In such cases reaching noteworthy scale has shown to take at least ten years (Karamchandani et al., 2009). For this reason, although market led initiatives have great prospective; they are not a "quick fix" for poverty. However, there is potential to increase the rate at which initiatives scale. This demands determined and sustained effort and investment from a variety of actors, including local players, commercial investors, impact investors, traditional aid donors and philanthropists, large corporations and governments (Karamchandani et al., 2009).

This corresponds with academic claims as London and Hart (2011), in response to the challenge of a lack of financing, claim scale can be reached amongst others by combining returns from BOP markets with "smart resources and subsides" gained through development and governmental agencies and donors. In fact, they claim that most initiatives will find it hard to demonstrate economic viability or create a market without such external support (London & Hart, 2011).

According to Karamchandani et al. (2009), the rate of scaling depends on two factors; business model maturity and the size of the entity implementing the business model. Firstly, business model maturity affects important factors such as involved risk, the need of funding and the probability of success. Furthermore, in less-mature models financial returns are expected to be less and achieving scale and commercial viability requires considerable investment. On the contrary social returns are expected to be higher in less-mature models and they usually offer the lowest-cost in products and services for people living in poverty. Secondly, the size of the implementing actor has an effect on the rate of scale, as large-scale actors can usually scale quickly by making slight adaptations to their existing business models in established markets. Prahalad and Hammond (2002) used this similar rationale to explain why multinational corporations are best equipped to serve BOP markets.

Several solutions are proposed in the literature in order to better equip inclusive business models for scaling. As mentioned previously, business may be unable to engage lower income segments commercially at any scale without high operating margins, as business models are mostly resource intensive and require end-to-end value chain management. According to Jenkins et al. (2011), most of the successful models do not just focus on the base of the pyramid as a market segment but include other higher income segments as well. This is generally called taking "a whole pyramid approach". Most successful initiatives usually move down the income pyramid. Where they start with low income customers and medium-sized producers they later move on to customer segments with even lower income levels and small-scale producers (Gradl and Knobloch, 2010). Such an approach offers significant benefits in comparison to focusing exclusively on the base of the pyramid. The whole pyramid approach allows businesses to cross subsidize market segments by expanding services to customers with lower income at a low marginal cost (Karamchandani, 2009; Jenkins & Ishikawa ,2010; Gradl and Knobloch, 2010; Jenkins et al., 2011). Furthermore, Jenkins et al. (2011) claim a whole pyramid approach facilitates an initiative to leverage existing infrastructure, achieve economies of scale, diversify the supply base and manage risk.

The whole pyramid approach as recommended by practitioner literature is somewhat contradictory with earlier claims and considerations that have emerged in the academic literature. In academic literature there is an emphasis on a bottom up approach requiring co-creation of the BOP in development of products, services and business models. These radically new solution can eventually evolve in solutions for the top of the pyramid. This bottom up approach is explained to be important as only using such an approach can one really focus on the unique needs of the bottom of the pyramid and create a fitting value proposition offering both social and economic advantages. Merely adapting and importing upper segment solutions to lower segment markets will not enable an initiative to reach the wide scale success it seeks (London, 2007).

The whole pyramid approach is also in conflict with several of the main counter arguments of the initial BOP approach which claim that only by having a specific focus on the base of the pyramid as the lowest income segment can initiatives be able to build effective poverty alleviation solutions in their business models. These scholars emphasize that focusing on more segments than only the poorest will render the poverty alleviation efforts ineffective.

2.5 Synthesis: Moving to Inclusive Scaling?

Looking more closely at poverty as the result of exclusion of certain population groups from economic development and the capitalist system, several scholars have called for the introduction of inclusive capitalism or inclusive growth and propose business strategies that intend to facilitate this. Inclusive business intends to effectively include neglected population groups in economic development and thereby alleviate poverty through the participation of business in development efforts. These inclusive business models, which initially started with the introduction of bottom of the pyramid (BOP) strategies, have triggered much interest and discussion and over time have been refined and developed by both scholars and practitioners.

Since recently, a growing number of initiatives are appearing which aim to include the BOP throughout various phases of the value chain. Although several successful initiatives have been identified and are frequently used as benchmarks in literature and grey papers, the majority of the initiatives have resulted in limited success as they remain small, do not generate profits or sometimes do not succeed at all. For inclusive business to fulfill its overall purpose, it is important that initiatives are effective and operate at a sufficiently large scale. It is therefore important to understand what limits inclusive business from achieving this.

Given this, the literature review has focused on three key concepts; inclusive business, scaling and partnerships. The literature review has intended to provide an explorative overview of (1) what inclusive business is, (2) why scaling is significant for inclusive business, (3) what the challenges are of scaling inclusive business initiatives and (4), given the importance of partnerships in poverty alleviation and development, what the role is of partnerships in (a) inclusive business and (b) the scaling of initiatives. The following aims to conclude and integrate the many claims discussed in the literature review concerning these key concepts.

2.5.1 Inclusive Business

Many scholars have discussed the various foundations of inclusive business and provided a variety of perspectives of what makes an initiative inclusive. Van Tulder et al (2011) make an important contribution by offering a clear taxonomy of inclusive business and linking the concept back to inclusive growth thus indicating the ability of an initiative to fulfill its purpose (as a concept). They use four key aspects to establish this link and classify inclusive business, which include; mission, impact, the business case and stakeholder involvement. Together these elements comprise the main discussion points in the literature overview on inclusive business. As such the proposed taxonomy offers an opportunity for discussing the individual claims and arguments in the literature review through an overall classification of inclusive business.

2.5.1.1 Mission

According to Van Tulder et al. (2011) in order for an initiative to relate to inclusive growth, its mission should entail an active and identifiable approach towards poverty alleviation. Clear identification of business' association with poverty shows a (pro-) active attitude, as it provides a solid base for holding business to account and makes it in their interest to be accountable (Blowfield, 2008). For business to identify with poverty alleviation Blowfield (2008) proposes business can be identified as a cause, a victim or a solution to poverty. This type of relation will determine business' response to poverty.

Mendoza & Theelen (2008) provide key aspects for defining inclusive business and emphasize the extent to which the initiative intends to reach the poor. It is important that the mission clearly identifies the target group it intends to reach. The literature review has discussed concerns regarding the actual beneficiaries of inclusive business. The BOP is a heterogeneous market consisting of population groups which, depending on their income levels, have distinct needs and priorities. Offering a single solution for all will likely not reach those most in need, as they are often hardest to reach and represent an inferior opportunity for business. An erosion of claims may occur as combining the poor with the middle class, can harm those with the lowest income level as they risk remaining excluded and as a result will require other solutions. In order to truly alleviate poverty the definition of poverty and the intended target group should therefore clearly be identified.

Finally, a key aspect of the mission in inclusive business is determining in what way the initiative aims to achieve poverty alleviation and thus how the BOP will be involved in the initiative. The manner in which the BOP is involved in inclusive business has led much of the debate. Essentially inclusive business can facilitate the BOP by relieving them from the poverty penalty, by providing enhanced access to the market for goods and services, or inclusive business can facilitate the economic empowerment of the BOP by providing employment opportunities, financing services and access to markets for their own produce. The development of theory has led to emphasis on engaging the BOP as producers, suppliers and partners besides merely as consumers. Although all categories are appreciated, some scholars have shown a preference towards initiatives that enable economic empowerment and involve the BOP as producers or suppliers as this would lead to a greater development impact. According to Munir et al. (2010, p. 270) "the first step toward understanding how to achieve … poverty alleviation is to determine how the BOP are involved in production chains and what actions are required to move them into higher value added activities". The way the BOP is engaged can determine the effectiveness of an initiative in poverty alleviation due to the extent of skill building and knowledge transfer involved (Munir et al. 2010). Munir et al. portray the different ways of integrating the BOP in the value chain as grades on a scale of integration that represent the inclusiveness of an initiative. In their portrayal engaging the BOP as producers or suppliers (given a certain degree of skill building and knowledge transfer) will lead to greater inclusiveness of the initiative than merely engaging the BOP as "passive" consumers.

2.5.1.2 Impact

Van Tulder et al (2011) state that to ensure a link exist between inclusive business and inclusive growth, an initiative should measure its impact, considering both its direct and indirect effects.

Several scholars have indicated that not all inclusive business models have a positive effect on development, and the literature review has discussed several claims concerning the potential negative externalities that may be caused by the presence of inclusive business. Although inclusive business may initiate from benevolent intentions, the side effects of its efforts at times may cancel out the intended result and lead to a diminished net developmental effect. Several scholars have suggested that to make an effective contribution to development, inclusive initiatives should take a "broad approach" and assess all possible effects of their activities including potential negative externalities.

London (2011), proposes initiatives may be failing to take a broad approach because their method of assessment is inadequate. More specifically, assessments often focus on showing the successes of initiatives in order to attain/maintain external funding, which blinds them from making essential improvements. Furthermore, clear assessment metrics exist to measure the business outcomes of an initiative, but metrics which measure social outcomes are lacking. Finally, initiatives also often lack effective feedback mechanisms to understand the perspective of the intended beneficiaries (Munir et al. 2010).

To be effective an initiative should not only aim to serve the poor, but should factor poverty alleviation outcomes into its strategies and decisions and take responsibility for these outcomes (Blowfield, 2005; 2009). Besides income, other poverty dimensions should be considered as well (Ansari et al., 2011; Hahn, 2012). In order to attain a clear perspective of the direct and indirect effects of an initiative that go beyond economic dimensions, an assessment should focus on all relevant stakeholders (sellers, buyers and communities) and measure changes in aspects of economic wellbeing, capabilities and relationships (London, 2009).

2.5.1.3 The Business Case

Although many scholars and practitioners have looked to CSR as a way for business to contribute to development, currently a compelling stream has settled that CSR as currently practiced does not offer an effective solution to poverty alleviation. The main reason for this is that CSR does not offer a clear cut business case for contributing to poverty alleviation. As a result CSR initiatives focus on narrow issues of sustainable development and are frequently relegated to public relations or marketing, justifying the subordination of social objectives below economic objectives.

Tulder et al. (2011) emphasize that for inclusive business to represent an essential part of the firm and thus deserve sincere company commitment, there should be a clear link to the main activities and core competencies of the firm.

However for business to engage sincerely in poverty alleviation and be committed, it has to be in its own interest (Blowfield, 2008). Therefore, for a business initiative to make a real contribution to inclusive growth it is important that business and development interests are integrated and mutually reinforcing. According to Blowfield the incentive for business to engage in development depends on whether the circumstances of poverty present a risk, an opportunity or inefficiency for business. Many scholars agree that only when social and business goals are mutually reinforcing can an inclusive initiative become part of the firm’s core business and day-to-day operations. Consequently the required commitment of the firm can be achieved for the initiative to be effective.

The key proposition for inclusive business (based on the BOP thesis) is that “a greater ability to meet the needs of the poor will lead to greater returns for the partners involved” (London, 2007, p.22). Solid business performance is essential for business viability, and profitability of the initiative also ensures commitment and continuity. Therefore, by ensuring social and business goals are complementary, each component will be strengthened and the prospect for synergies increases.

2.5.1.4 Stakeholders

Partnerships have been portrayed as a key aspect linking inclusive business with inclusive growth (Van Tulder et al., 2011). Depending on the nature of the partnership, the issues involved and its relation to the core business, partnerships can act as an indication of the effectiveness of a given inclusive business solution.

A key determinant for success in inclusive business is the network or linkages of external partners and thus the ability of the partner to involve all relevant stakeholders (Gradl et al., 2010). The need for partnerships in inclusive business mostly stems from the barriers posed by institutional voids, inadequate, inefficient or lacking market structures, and as a result of the dominance of informal market mechanisms and governance systems. In order to overcome these challenges faced by most initiating players, the capabilities and resources necessary must be developed or leveraged from external sources. Therefore partnerships are crucial for inclusive business in order to stabilize the market environment, fill institutional voids or leverage social capital.

Three types of partnerships can be identified based on the partners involved and the issue it aims to address (van Tulder, 2010). Bipartite Private-Nonprofit Partnerships (PNPs) focus on the underinvestment in 'social capital' and involve market and civil society players. In the literature on inclusive business, partnerships with NGOs are the most frequently described and are used for a wide variety of purposes. Private non-profit partnerships are commonly used to leverage social capital, and local knowledge and experience. Furthermore co-creation of products, services and the business models enables inclusive business solution to be better fitting with local needs. PNPs are also used to overcome weak market structures by attaining or providing complementary services and products through NGOs. Finally collaborating with NGOs can be beneficial to the reputation of the initiative and thus can provide a competitive advantage. According to London (2007) PNPs can act as an important tool to ensure that social and business goals are mutually reinforcing, as collaboration will only prevail as long as this proposition holds.

The second type, Bipartite Public-Private Partnerships (PPPs), is typically formed between state and market actors and concern the issue of an inadequate transfer of public goods. PPPs are less common in the literature on inclusive business although may be promising according to some scholars. Munir et al. (2010) claim that government involvement can increase the success rate of inclusive business. PPPs can facilitate social effectiveness cooperation with the firm in order to enhance the impact of the initiative, increase legitimacy, and reduce the overall risks. The main drivers for establishing PPPs as discussed in the literature are in order to gain institutional protection against impulsive policy changes and gain access to resources such as financing. Government can also provide a certain degree of protection to the BOP. Finally, Tripartite Cross-Sector Partnerships involve players from all three societal spheres (state, market & civil society) and concern filling the institutional voids caused by weak governance structures.

Besides the nature of the partnership and the issues involved, the extent to which the partnership is part of the core business is a third element that determines whether the aspect of partnership links inclusive business to inclusive growth. Glasbergen (2011) provides an analytical framework that portrays various stages of development, through which partnerships move through time. In doing so he shows a partnership's development in stages, in dimensions of (1) core collaborative activities, (2) development in interactions focusing on internal interaction amongst partners to external interaction focusing on the external environment, and (3) partnership governance from focusing on partners and their collaborations, to impacting the governance systems of the relevant issue.

2.5.1.5 Inclusive Business models

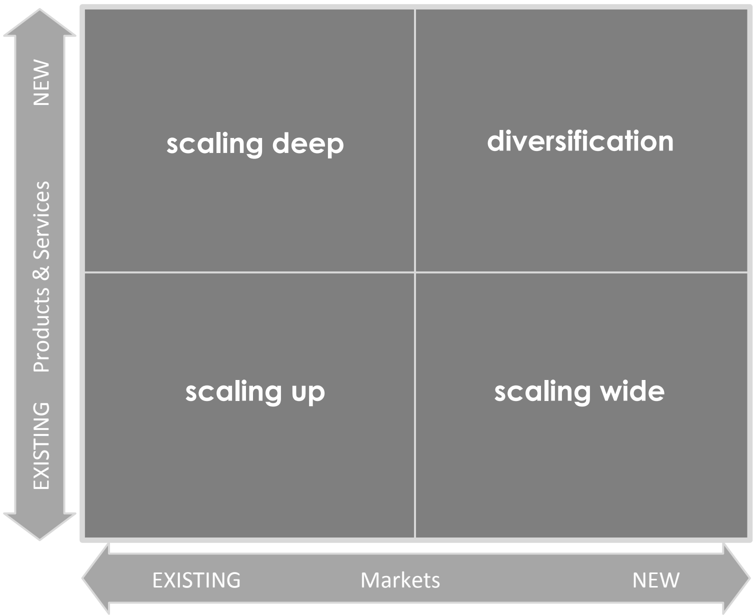
The above findings from the literature allow concluding that a link between inclusive business and inclusive growth is established if an initiative's attributes of mission, impact, the business case and stakeholders, meet the above conditions. It can be presupposed that the extent to which these attributes of an initiative meet the requirements, determines the strength of the relation between inclusive business and inclusive growth. Given that inclusive business is a micro level strategy to implement inclusive growth on a business level, these attributes essentially influence an initiatives ability to achieve its greater purpose as a concept. Therefore, it can be said that the extent to which the attributes are adapted determines the effectiveness of an initiative to contribute to inclusive growth.

2.5.2 Scaling

Scaling is important for business reasons to compensate for the low margins that are common in inclusive business in order to reach commercial viability. For development reasons, scaling is important to ensure that impact is made at a great enough scale and on a sustained basis. As such the mutual enforcing goals of business and development essentially provide an ongoing momentum for developing the business model.

An overview of the literature shows that scaling entails an emerging process of the development of an organization which passes through stages of opportunity identification, business model design, opportunity exploitation and scaling or growth. Growth or scaling can be regarded as an extension of opportunity exploitation although in either new and/or broader markets. Success in scaling is therefore highly dependent on success in the previous stages of business development. In the context of inclusive business, the process of scaling does not necessarily occur in a linear manner. As the development process is strongly affected by the environmental and institutional context, initiatives need to place considerable effort in market creation. This process requires the development of the initiative to take on an iterative form.

In the early stages of development some of the important aspects that can hinder inclusive business from progressing through the stages and eventually reaching scale include the existing institutional voids and informal institutions. In these stages partnering with an NGO can present opportunities to gain market information, co-create fitting products and services, and leverage social capital and gain access to resources. Furthermore, an important aspect for further progress in early development is using the right metrics. For inclusive business initiatives to be feasible, metrics need to be used that facilitate long term goals and include the assessment of social and reputational achievements. If metrics are not adjusted properly access to resources and opportunities for enhanced effectiveness are hindered and unmeasured social outcomes will not be accounted for through rewards or improvements.



In the actual growth stage, three types of scaling can be identified which together determine the total volume of the initiative. Scaling wide involves offering similar products and services to new or unfamiliar contexts, and scaling deep entails offering new products and services to the same customers. In these types of scaling the main challenge is the heterogeneity of BOP markets which basically requires an initiative to start the complete development process over. Scaling up is the expansion of the current business model across familiar contexts. In this type of scaling the main issue is not restarting the development process but rather creating and sustaining a competitive advantage. This however represents a challenge as informal market mechanisms level the playing field and establish a need for less traditional, relational competitive advantages. Such competitive advantages include for instance exclusive access to platforms and can be attained through developing and building the ecosystem and creating and sustaining mutual beneficial partnerships, also known as comingled competitive advantages.

Klein (2008) describes scalability as the capacity with which an initiative can expand quickly (rapidly serve more demand), effectively (expanding without compromising) and efficiently (using little cost of effort). The capacities of scalability can be regarded as more or less important in relation to each of the scaling strategies mentioned above. For wide or deep scaling the capacity to expand quickly and efficiently are most important as these allow rapid progress through the development process with the least effort and cost. Developing the capability of social embeddedness will enable speeding of this process. Furthermore business model maturity and size of the initiative have also been found to positively influence the rate of scaling. In order to achieve relational advantages, for using a scaling up strategy, the capacity to scale effectively is most important, as it allows scaling without compromising in meeting the needs and interests of NGOs and communities on which inclusive business depends for such advantages. Although the scaling capacities that are matched with the scaling strategies can be considered the most important capacities to facilitate the type of scaling, this does not imply the other capacities are irrelevant.

Scaling Strategy		**Scalability**
Scale wide	→	scaling efficiently, scaling quickly
Scale deep	→	scaling efficiently, scaling quickly
Scale up	→	scaling effectively

Scaling is mostly perceived as the development and expansion of the organization or business. However, scaling can also be perceived more broadly by looking at the issue. This type of scaling aims at creating systemic social change by focusing on broad based adaptation of the solution and embedding the solution in the economy. Scaling as such generally occurs after the organizational scaling as described above. Therefore, it can be regarded as the next phase of growth and the final stage of inclusive business development.

2.5.2.1 Collaborations in scaling

In the literature regarding the scaling of inclusive business, collaboration has consistently been emphasized as an essential attribute. In general collaborations that contribute to the scaling of initiatives have been discussed in three forms; partnerships, networks and ecosystems.

Collaboration in the form of partnerships are a key determinant for scaling inclusive business, and enhances all the individual organizational drivers (SCALERS) that lead to successful scaling (Bloom & Chatterji, 2009). Other than that, partnerships have been perceived important in order to gain access to networks (C Gradl et al., 2010; Webb et al., 2010) and to integrate both local and global dimensions in the foundation of the initiative (Hammond, 2011). The latter is important to assure that the initiative has sufficient global characteristics to be able to scale, yet is also adequately in tune with the local context to ensure acceptance of their existence in the market. For similar reasons initiatives that are initiated by small sized entities need partnerships in order to speed up the process of scaling (Karamchandani et al, 2009), and initiatives that are initiated by non-local entities need to create partnerships to ensure social embeddedness.

Whereas partnerships can provide expertise, legitimacy and increased bargaining power, networks can facilitate in increasing demand and improving effectiveness. Partnerships to gain access to networks are perceived as a requirement for success because it allows an initiative to involve all relevant stakeholders (C Gradl et al., 2010). Therefore, a partner's network should be a key consideration when selecting partners. For instance, when scaling wide partnerships with NGOs, which have great network breadth and reach, allow MNCs to adapt more easily across new BOP markets (Webb et al., 2010). The transition to scaling an initiative is therefore dependent on the availability of networks and the leadership's ability to create networks (Perrini et al., 2010).

Finally collaborations to build and strengthen the ecosystem have been discussed in the literature review. These types of collaborations are important because inclusive business is highly dependent in the external context in which it operates and on the players that are present in this context. Given this dependency, in order to reach scale it is useful to make the external environment more enabling for the initiative by involving players from the ecosystem. The ecosystem perspective as such is especially valuable for gaining advantages from a broader context and gaining comingled competitive advantages, such as exclusivity to platforms. Furthermore, using the ecosystem approach provides a platform for encouraging broad based adaptation and embedding the solution in the wider economy, both triggering systemic social change and thus allowing the initiative to move to the final stages of inclusive business development.

2.5.3 Conclusion: Mapping Inclusive Scaling Potential?

The results from the explorative literature review provide the foundation for asking whether the scaling potential and likely scaling strategies of inclusive business initiatives can be determined ahead of time based on characteristics of the business model. This conclusion therefore aims to assimilate the various claims in order to determine whether characteristics of the business model indicate a scaling potential.

2.5.3.1 Strategies for Scaling

Scaling strategy	Involved Risk	Main challenge	Scalability (See Appendix ___)	Provided solutions
Up (staying in the same market with same products)	Low	Maintain or increase market share by ensuring strong competitive position.	Scale effectively	Leverage current resources and capabilities. Developing a co-mingled competitive advantage, using a whole pyramid approach (top down).
Deep (staying in the same market offering new products)	Medium	Starting over the development process, investing in R&D, product launch and new competencies	Scale quickly, Scale efficiently	Leverage current resources and speed up development process. Partnerships for network access, develop social embeddedness capability, take a bottom-up approach.
Wide (entering new markets with same products).	Medium	Starting over the development process, overcoming entry barriers.	Scale quickly	Leverage current capabilities (production & supply) and speed up development process. Partnerships for network access, develop social embeddedness capability.
Diversify (Enter new markets, offering new products)	High	Inability to leverage existing resources and capabilities.	Scale efficiently	Focus on related markets and products, utilize experience and expertise. Focus on vertical integration, ensure greater value chain control.

Table 5 Literature assimilation: inclusive scaling strategies and there characteristics

Integrating the findings from the literature review on scaling inclusive business models the following table of scaling strategies with their corresponding characteristics is constructed (see Table 5).

2.5.3.2 Matching business model characteristics with scaling strategies

Combining the general literature concerning inclusive business and the literature focusing on scaling provides indications as to what aspects of inclusive business models are most appropriate for which scaling strategies. The following discusses the expectations regarding scaling strategies based on the business model aspects of mission, impact, business case, stakeholder involvement and general initiative characteristics.

A more sophisticated mission is determined by a strong business to poverty relation, a clearly specified target group, involvement of the BOP and displaying a strong commitment and investment in the market segment. The high degree of dedication to the issue and target segment, that is the basis for a sophisticated mission, lead to the expectation that scaling deep and scaling up are probably the most preferred strategies. As scaling deep and scaling up are the two scaling strategies that focus on remaining within the same market, these strategies seem a more suitable match for business models with highly sophisticated missions than strategies that aim to move to new markets. On the contrary business models with less sophisticated missions may more easily grow to new markets as they are less attached and invested in the specifics that relate to the current market. As a result these business models can invest more resources in overcoming the entry barriers of new markets.

When impact aspects of the business model are more sophisticated, this implies that resources are invested in ensuring development objectives are met. Some of the advantages that derive from this are a high degree of support from the external environment, enhanced reputation and subsequently an enhanced competitive position. These advantages lead to the expectation that business models with highly sophisticated impact aspects prefer scaling up or scaling deep as these strategies focus on growth within the same market and thus allow initiatives to leverage the current market position. Presumably, initiatives with impact aspects that are not so sophisticated will likely not be able to create a strong competitive position and as a result will not be able to achieve much success through scaling up or scaling deep. For these initiatives scaling wide or diversifying may be a more suitable growth strategy.

The inclusiveness of the business case, thus ensuring a link to the core business of the organization, mutually reinforcing social and business goals, financial independence and profitability, are important factors for scaling. A more inclusive business case provides external support, a stronger financial position and firm commitment. These can be considered critical ingredients for more risky scaling strategies and thus initiatives with a more inclusive business case may be expected to prefer initiatives such as scaling deep, scaling wide and diversification. Whereas external support can enable access to resources and networks, a stronger financial position and firm commitment will provide an initiative with a degree of confidence and determination in order to exploit new opportunities. If an initiative's business case is less inclusive (no profitable objectives, mutually reinforcing goals or relevance to the core business) these factors may be less or lacking instituting greater challenges. For these initiatives a less risky scaling strategy, like scaling up, might be more suitable.

Initiatives with more inclusive stakeholder involvement will likely benefit from social capital, greater local support, access to resources, platforms and networks. For initiatives with more inclusive stakeholder involvement scaling up can be expected to be a preferred growth strategy, as they can leverage their relational competitive advantage to improve their local position. Scaling wide and scaling deep can also be expected to be preferred strategies for initiatives with high inclusive stakeholder involvement as they can leverage their partner's broad networks in order to enter new market segments or product value chains. Diversification, on the contrary, can be expected to be a more suitable strategy for initiatives with low stakeholder involvement as these initiatives have limited relation advantages to leverage. Therefore their relational advantages might not be sufficient to scale within the same market or by focusing on the same products, in which case they may be more successful by diversifying. Moreover, limited relational advantages are likely to hinder access to resources and distribution channels. Hence, this may also be a reason to pursue diversification through vertical integration in order to gain more control over the value chain.

Table 6 Relating business model attributes to scaling strategies

			Scaling Strategy			
			Scaling up	Scaling Deep	Scaling Wide	Diversification
inclusive business	Sophistication	Mission	More sophisticated	More sophisticated	Less sophisticated	Less sophisticated
		Impact	More sophisticated	More sophisticated	Less sophisticated	Less sophisticated
	Inclusiveness	Business Case	Less inclusive	More inclusive	More inclusive	More inclusive
		Stakeholder	More inclusive	More inclusive	More inclusive	Less inclusive

As a final point several general business model characteristics are worth mentioning in combination with the scaling strategies. It has already been mentioned that maturity of the business model, size of the firm and access to financial resources allow an initiative to scale more quickly. This is a useful capacity to have for scaling wide and scaling deep as these strategies require starting over the lengthy development process and would significantly limit this disadvantage. Lastly taking a scaling strategy that requires entering new markets, scaling wide, might be preferred by initiatives of which the core business is more closely related to the specific product than the specific market segment, as this is where the strength of the initiative lies. Similarly, taking a scaling strategy that requires new products, scaling deep, might be preferred by initiatives of which the core business is more closely related to a specific target market rather than a specific product. The strength of the relation between an initiative’s core business and the market segment and product is to a certain degree dependent on the origin of the lead agent which is determined by whether the initiative is local or alien and whether the lead agent comes from the market, state or civil society sector.

3 RESEARCH METHODS

Through the literature it is established that although the number of inclusive business initiatives is increasing, the amount that is successful (with regards to profitability & development impact) remains small. For inclusive business to really make a development impact and reach a large number of people, initiatives must scale. By scaling a degree of financial viability can be achieved that will result in business continuation making it a lasting solution to poverty and enables it to attract continuous interest and commitment from the private sector. Scaling initiatives not only enables profitability (given the typical low margins in BOP markets), but due to the wider reach and greater impact, would have an amplifying effect on the link between inclusive business and inclusive growth.

Many challenges have been identified in order to disclose the hurdles inclusive business models face in different stages of the development process. However, the literature review has overall provided a somewhat scattered image concerning the actual scaling of inclusive business initiatives. Although the claims in both theory and practice touch upon similar themes, they merely reach related conclusions. The claims concerning scaling do not build upon each other and differ on possible solutions to scaling challenges, types of scaling and valuable business attributes that increase the likelihood of scaling.

Given the fragmented nature of the existing knowledgebase on one side and the importance of scaling on the other, an exploratory research is desired that can provide an enhanced understanding of the scaling circumstances of inclusive business. Therefore, the aim of this research is to link the concepts of inclusive business with scaling, and explore relations between key attributes of inclusive business models and the potential scaling strategies. The main question guiding this study therefore reads:

"Do exemplary inclusive business models comprise the potential for inclusive scaling?"

By looking at what the potential is for scale with regards to present exemplary inclusive business models, this research provides valuable insight of what initiatives are doing with regards to scaling. Furthermore, the study seeks to explore whether the likelihood of scaling inclusive business initiatives can be increased. Subsequently, awareness can be established of what type of scaling strategy is most common for which type of business models and whether elements of inclusive business models can be enhanced in order to improve the capacity to scale. Finally, attention will be paid to the role of partnerships in scaling.

3.1 Conceptual Model

Given the explorative nature of this study, the conceptual model is not based on a hypothesis previously established in theory or practice. Instead existing theory is used to focus the research question by basing it on the integration of concepts proposed in theory and practice, and as a result gain a better understanding of what incidences in reality convey concerning these concepts.

The conceptual model looks at the business model's capacity to scale as the independent and the scaling strategy as the dependent concept. Using this model the existence of a correlation between these concepts is assessed. Furthermore the influence of various general business model characteristics on the scalability of an initiative will be taken in consideration.

3.2 Concepts

3.2.1 Independent concept: business model scalability

The independent concept, business model scalability entails an initiative's capacity to scale. In the literature review Klein (2008) categorized three capacities to scale including; (1) to scale quickly, by scaling at a fast pace, (2) to scale efficiently, requiring low cost and effort, and (3) to scale effectively, without compromising the business model's purpose.

As scaling is part of the development of an initiative, the potential to scale is greatly dependent of success in the initial stages of the development process. The concept of business model scalability in this study is therefore based on what theoretical and empirical researchers consider to be key success factors for inclusive business in scaling and the development process in general.

For the purposes of this study business model scalability is determined by certain attributes present in the business model. Van Tulder et al. (2011) provided a taxonomy for inclusive business based on four pillars that determine whether a link is established between inclusive business and inclusive growth. To effectively include neglected population groups into economic development and thereby contribute to economic growth, the initiative has to meet certain criteria relating to attributes of mission, impact, the business case and stakeholder involvement. Additionally various scholars of theory and practice have hinted to characteristics which may increase an initiative's capacity to scale (including assessment, financial viability). Based on this taxonomy and the accompanying findings from the literature, the aforementioned dimensions (mission impact, business case and stakeholders) offer a method of assessing and classifying inclusive business models, which is based on the effectiveness of the model to impact inclusive growth.

3.2.2 Dependent concept: scaling strategies

The dependent concept concerns the scaling strategy used by an initiative. Since both theory and practice have noted the challenges of scaling and the lack of initiatives that have reached actual scale, assessment of operationalized scaling strategies will most likely be limited. Therefore this study explores the occurrence of scaling by assessing the presence of a formulated scaling strategy. The literature review has offered a categorization of strategies in which inclusive businesses can scale in order to increase their total business volume. In this study the three scaling strategies categorized by London (2011), scaling wide, scaling deep and scaling up, complemented by Ansoff's (1957) diversification, will be used to assess the different strategies preferred for scaling.

3.2.3 Intervening concept: general business model characteristics

The third and final variable in the conceptual model, general business model characteristics, consists of a collection of variables that are included to provide explanatory value to the model. The general business model characteristics include key aspects that differentiate inclusive business initiatives and characteristics that have been discussed throughout the literature review. The following list displays the general business model characteristics that have been included in the study:

- ✓ Sector of initiating organization (private, public, civil society)
- ✓ Ownership structure of initiating organization (independent organization, subsidiary, business unit, partnership, joint venture)
- ✓ Origin of initiating organization (local or foreign)
- ✓ Character of initiative with regards to ownership (spin-off, core business expansion, (CSR) project, start-up)
- ✓ Supply chain orientation with regard to the BOP
- ✓ Development phase of the initiative (design, exploitation, scaling or embedding)
- ✓ Maturity (years since the initiative's inception)
- ✓ Region where the initiative is taking place
- ✓ Millennium development goal on which the initiative focuses
- ✓ Industry in which the initiative is taking place? (SIC)

3.3 Research Strategy

For the purposes of this study a mixed methods research strategy is used which integrates quantitative and qualitative research within a single study. This strategy involves not merely using both research methods, but effectively mixing the methods so that they are mutually illuminating. Mixed methods research has gained increasing attention over the past years. A growing numbers of researchers perceive the strategy as a method to fuse the strengths of data collection and data analysis in quantitative and qualitative research. Although a mixed method research strategy is not necessarily superior to a mono-method research it does offer some advantages that are valuable in this research.

Whereas quantitative research tends to portray a static picture and qualitative research tends to create a more processual image of the research object, combining these approaches can provide a more dynamic perspective (Bryman & Bell, 2007). In qualitative research awareness of the relative importance of the findings to the population is often lacking. Quantification of the results can facilitate in uncovering and enhancing the generality of the findings. Furthermore where it can be difficult to explain an existing relationship between variables using quantitative data, qualitative data can complement this by allowing further investigation. As a result qualitative data can enhance our understanding of the link between variables and more specifically the sequence.

3.4 Research design

This study uses a sequential research design in which the first phase is dedicated to exploring the concepts of business model scalability and scaling strategies. Subsequently, for the second phase, the results are quantified in order to investigate whether possible relations exist between the concepts.

A case survey methodology is used that comprises a relatively large amount of qualitative case studies that are collected at a single point in time, from a variety of sources. Thus, the unit of analysis is the individual case study and the sample consists of multiple case studies. A systematic way of analyzing the data will be used in order to collect quantifiable data from which conclusions can be drawn concerning potential patterns. This will be done by using a content analysis technique with the purpose of cross case analysis of the sample of exemplary case studies. Content analysis is a technique used to objectively and systematically identify characteristics in a text.

3.5 Data collection & sample selection

Although the case survey research design allows the rich data in case studies to achieve theoretical and statistical generalization, there is a limit to this generalizability due to the inability of secondary research to control for data biases (cf. Yin, 1984 cited by Larsson, 1993). Nevertheless, secondary selection of cases can be controlled for by using sampling limitations and bias analysis (Lucas, 1974).

The population which this study aims to investigate is cases which study inclusive business initiatives, hereby meant as initiatives that aim to integrate business and development goals. The unit of analysis is thus the individual single case study. The previous literature study has shown that these cases are commonly known as BOP initiatives, social entrepreneurships and social businesses.

Source	Type of Source	# of cases			Published	
		in English	2 (+) Pages	in final sample	from	to
GIZ	Development Agency	9	5	5	2011	2012
International Finance Corporation	International institution	135	31	5	2007	2012
WBCSD	International institution	82	82	5	2002	2012
Business Call to Action	International institution	13	13	5	2010	2012
SEED	International institution	135	13	5	2005	2008
United Nations Global Compact	International institution	215	0	0		
Growing Inclusive Markets (United Nations Development Program)	International institution	154	154	5	2008	2010
International Business Leaders Forum	International institution	71	45	5	2006	2011
SNV	Nonprofit	291	291	5	2004	2012
CODESPA	Nonprofit	10	10	5	2008	2010
Hystra	Research agency	50	30	5	2009	2011
BOP Innovation Centre	Research agency	16	0	0	2012	2012
Inclusive Business Alliance	Research agency			5		
Seas of Change	Research agency	47	47	5	2012	2012
UK Development Finance Institution	Development Agency	30	0	0	2011	2012
Literature Review	Theory	28	-	5	2005	2012
Other	Various	-	-	5	2008	2011
Total Case Collection		**1286**	**722**	**70**		

Table 7 Exemplary Case Study Collection

For case collection a directed search was conducted attempting to retrieve case studies from a variety of sources in order to limit source-specific bias. International institutions and research organizations that are concerned with the topic of business and development typically publish case studies almost on a regular base. Given the relative infancy of the domain these organizations aim to keep up to date with the developments of existing initiatives and launches of new initiatives in order to advance the current knowledge base. Case studies derived from these organizations are often cases in which they invest(ed), provide(d) consultancy, which are used as examples of best practices or other dimensions which they wish to emphasize. A search was also conducted within the theoretical sources used in the preceding literature review in order to retrieve cases with a somewhat different perspective. As a result of this search the initial case collection consisted of 1286 exemplary case studies (see Table 7).

After the search the case collection was limited, for methodological considerations, to cases that provided sufficient data to be analyzed given the broad information requirements needed to evaluate the complex concepts. The sufficiency of the data available in a case was based on the number of pages of which the case study consisted and the content nature of the case. First all cases that were not in English and consisting of less than two pages were excluded. Furthermore, all cases that did not concern the overall initiative, but rather a specific dimension of the initiative or the business model, were excluded. The case collection after applying these exclusions consisted of 722 case studies.

In order to achieve the final sample, cluster sampling was used by randomly selecting 5 cases from each source. This quantity was chosen as five was the smallest number of cases which could be derived from a single source. Finally the case collection was supplemented with self-proclaimed cases derived from sources such as online topic communities concerning inclusive business, for instance the next 4 billion, the practitioner hub for inclusive business and business fights poverty. Ultimately, the final sample consisted of 70 case studies. An overview of the sample and their key characteristics is displayed in Table 8 Final Sample

3.6 Coding Scheme

In order to retrieve the relevant data and evaluate the case studies a directed content analyses approach was used. Content analysis allows rendering the rich meaning associated with qualitative documents combined with powerful quantitative analysis (Duriau, Reger, & Pfarrer, 2007). The directed approach involves the construction of a coding scheme a priori to analysis of the case studies (Hsieh & Shannon, 2005). The coding scheme is created in a deductive manner by basing it on the research question and the preceding literature review. Thus variables guided by theory were used rather than categories deriving from the data. Although the latter approach might be more desirable in explorative research, a directed analysis was chosen because this study aims to add to the current fragmented literature concerning the scaling of inclusive initiatives. Therefore existing theory facilitated in determining the variables of interest. Whereas theory was initially used in determining the concepts, it later also guided the definition of variables and initial classification for operationalization.

The coding scheme was designed by predefining the variables that support the concept, classifying the variables and defining fitting indicators. After the initial coding scheme was designed, it was tested on 10% of the sample, adjusted and reevaluated.

ID#	Initiative	Supply chain orientation for BOP	Phase of Initiative	Maturity (years)	Global region	Millennium Development Goal	Industry (SIC codes)
1	MPESA	consumers	scaling	2	Africa	end poverty & hunger	Transportation, Communication, Utilities
2	Cameroon Sorghum Project	smallholders	exploitation	2	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
3	LifeSpring Hospitals	consumers	scaling	5	Asia	maternal health	Services
4	SME Training Programme	consumers	design or pilot	1	Asia	end poverty & hunger	Services
5	Sproxil	consumers	scaling	2	Africa	combat HIV/AIDS	Services
6	Honey Care Africa	smallholders	scaling	2	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
7	Microcare	consumers	scaling	8	Africa	combat HIV/AIDS	Finance, Insurance & Real Estate
8	Blue Ventures Community-based Marine Reserves	smallholders	design or pilot	1	Africa	environmental sustainability	Agriculture, Forestry & Fishing
9	Cows to Kilowatts Partnership	consumers	design or pilot	-1	Africa	environmental sustainability	Transportation, Communication, Utilities
10	Lufumbu Village Water Project	consumers	exploitation	16	Africa	environmental sustainability	Transportation, Communication, Utilities
11	Oto Finance	consumers	scaling	8	Asia	end poverty & hunger	Finance, Insurance & Real Estate
12	Uniminuto	consumers	scaling	21	Latin America	end poverty & hunger	Services
13	Bakhresa Grain Milling Malawi	traders & intermediaries	scaling	8	Africa	no goals	Wholesale Trade
14	VINTE Viviendas Integrales	consumers	exploitation	10	Latin America	no goals	Finance, Insurance & Real Estate
15	Tribanco	traders & intermediaries	scaling	21	Latin America	end poverty & hunger	Finance, Insurance & Real Estate
16	Bajaj Allianz	consumers	scaling	3	Asia	end poverty & hunger	Finance, Insurance & Real Estate
17	Grundfos LIFELINK	consumers	exploitation	4	Africa	environmental sustainability	Transportation, Communication, Utilities
18	Ahafo Mine	smallholders	design or pilot	2	Africa	end poverty & hunger	Services
19	Community Cleaning Services	traders & intermediaries	exploitation	7	Africa	environmental sustainability	Transportation, Communication, Utilities
20	Ouro Verde	smallholders	exploitation	7	Latin America	end poverty & hunger	Agriculture, Forestry & Fishing
21	Udyogini	smallholders	scaling	20	Asia	gender equality	Services
22	Huong Hoa Cassava Starch Factory	smallholders	exploitation	4	Asia	end poverty & hunger	Agriculture, Forestry & Fishing
23	Jumla Apples	smallholders	design or pilot	2	Asia	end poverty & hunger	Agriculture, Forestry & Fishing
24	South-Sudan Local Cassava Initiative	smallholders	design or pilot	2	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
25	APEOSAE	smallholders	design or pilot	2	Latin America	end poverty & hunger	Agriculture, Forestry & Fishing
26	Drishtee	consumers	scaling	11	Asia	end poverty & hunger	Wholesale Trade
27	HealthLine	consumers	exploitation	5	Asia	combat HIV/AIDS	Services
28	Community Knowledge Workers	smallholders	exploitation	3	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
29	WATASOL	consumers	exploitation	3	Africa	combat HIV/AIDS	Wholesale Trade
30	Manila Water Comany	consumers	scaling	14	Asia	combat HIV/AIDS	Transportation, Communication, Utilities
31	Project Novella	smallholders	exploitation	6	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
32	InterContinental Hotels Group Academy China	consumers	scaling	4	Asia	end poverty & hunger	Services
33	Alam Simsim	consumers	scaling	6	Africa	universal education	Services
34	SEKEM	smallholders	exploitation	29	Africa	end poverty & hunger	Services
35	Rozgar Duniya	consumers	design or pilot	1	Asia	end poverty & hunger	Services

36	Kilimo Salama	smallholders	exploitation	2	Africa	end poverty & hunger	Finance, Insurance & Real Estate
37	Wealth of the Oceans	smallholders	exploitation	9	Africa	environmental sustainability	Agriculture, Forestry & Fishing
38	Jain Irrigation	smallholders	scaling	22	Asia	environmental sustainability	Agriculture, Forestry & Fishing
39	Green Elephant	smallholders	scaling	1	Asia	environmental sustainability	Transportation, Communication, Utilities
40	Village Electrification	consumers	design or pilot	1	Africa	environmental sustainability	Transportation, Communication, Utilities
41	Casa del Bienestar	traders & intermediaries	exploitation	2	Latin America	end poverty & hunger	Retail Trade
42	Feria a la Inversa	smallholders	scaling	7	Latin America	end poverty & hunger	Services
43	Gas Natural Fenosa - Social Energy initiative	consumers	scaling	8	Latin America	end poverty & hunger	Transportation, Communication, Utilities
44	Brilla	consumers	exploitation	5	Latin America	end poverty & hunger	Finance, Insurance & Real Estate
45	PROCASO	smallholders	exploitation	3	Latin America	end poverty & hunger	Agriculture, Forestry & Fishing
46	Águas do Amazonas (Water for All)	consumers	seized	7	Latin America	environmental sustainability	Transportation, Communication, Utilities
47	Commercio Solidario	smallholders	scaling	5	Latin America	end poverty & hunger	Agriculture, Forestry & Fishing
48	LifeClubs	employees	exploitation	4	Africa	end poverty & hunger	Services
49	TB Drug Accelerator (TBDA	traders & intermediaries	design or pilot	5	Asia	combat HIV/AIDS	Manufacturing
50	Microseguros Adopem	consumers	scaling	2	Latin America	end poverty & hunger	Finance, Insurance & Real Estate
51	West Gonja Health Insurance Scheme	consumers	design or pilot	-2	Africa	end poverty & hunger	Finance, Insurance & Real Estate
52	Mulondolwa Jatropha industry	smallholders	exploitation	1	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
53	Sesame Marketing Project	smallholders	design or pilot	1	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
54	Green Energy Vietnam	smallholders	exploitation	2	Asia	environmental sustainability	Agriculture, Forestry & Fishing
55	BioSynergy	consumers	design or pilot	0	Latin America	environmental sustainability	Agriculture, Forestry & Fishing
56	Child & Family Wellness Shop	employees	exploitation	3	Asia	gender equality	Manufacturing
57	Gadim Guba	consumers	scaling	7	Africa	combat HIV/AIDS	Services
58	Temerin Telecottage	consumers	scaling	6	Europe	end poverty & hunger	Services
59	Kheir Zaman	consumers	scaling	5	Africa	end poverty & hunger	Retail Trade
60	Mt. Plaisir Estate Hotel	employees	scaling	13	Latin America	end poverty & hunger	Services
61	Affordable-Housing Development	consumers	design or pilot	0	Africa	end poverty & hunger	Finance, Insurance & Real Estate
62	Natura	employees	scaling	42	Latin America	environmental sustainability	Manufacturing
63	Micro Power Economy for Rural Electrification	consumers	scaling	4	Africa	end poverty & hunger	Transportation, Communication, Utilities
64	Vision Spring	consumers	scaling	7	multiple	end poverty & hunger	Retail Trade
65	SKS Microfinance	smallholders	exploitation	0	Asia	end poverty & hunger	Finance, Insurance & Real Estate
66	Mtanga Farms Limited (MFL)	smallholders	design or pilot	3	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
67	Strategic Alliance for the Fortification of Oil (SAFO)	consumers	design or pilot	4	Africa	end poverty & hunger	Manufacturing
68	Southern Agricultural Growth Corridor of Tanzania	smallholders	design or pilot	3	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
69	Patrimonio Hoy	consumers	scaling	7	Latin America	end poverty & hunger	Construction
70	The Water Initiative	consumers	exploitation	5	Latin America	environmental sustainability	Manufacturing

Table 8 Final Sample

3.6.1 Nature of content

Content analysis can focus on analyzing manifest and latent content. Whereas manifest content "is on the surface and easily observable, such as the appearance of a particular word in a written text", latent content moves "beyond manifest content and … shifts the focus to the meaning underlying the elements on the surface of a message" (Potter, Donnerstein, & Levine-donnerstein, 1999), p.259). Manifest content often results in text statistics in the form of word counts or concept counts. Latent content on the contrary relies more on interpretation of content (Duriau et al., 2007).

The coding scheme designed for this study has a stronger focus on latent content in the form of pattern content. Potter and Donnerstein (1999) describe projective content as a type of latent content that focuses on patterns in the content and requires the coder to interpret the meaning of the pattern. It based on the presence of an "objective pattern there that all coders should uncover by sorting through symbols and recognizing the connections among them" (Potter & Donnerstein, 1999, p.259). As this type of latent content limits reliance on the coder's knowledge and experience it involves less subjective interpretation than other forms of latent content analysis.

3.6.2 Measurement

To evaluate the concept, business model scalability and scaling strategies, the coding scheme's design focuses on measurement using a binary scale. The binary scale merely allows evaluation of the presence or absence of indicators and therefore dismisses discussion concerning relevancy and emphasis of the concept in cases (Carley, 1993). This decision was made due to the limitation of a single coder and the lack of uniformity in cases regarding available information.

A content analysis usually requires multiple coders to analyze the cases in order to create inter-rater reliability and thus ensure rigidity of the results. Hence, ensuring reliability in this study is a fortiori important. "Missing data are a potential source of bias, regardless of method. Many case write-ups are quite comprehensive, but not all are equally detailed." (Jauch, Osborn, & Martin, 1980, p.518). "Enforcing a scale causes unreliability… semantic differential scales turn out to be unreliable when information about the attributes to be recorded is absent or unclear… the less that is known … the more coders need to guess [and] the greater the unreliability of a scale" (Krippendorff, 2004 p.137). Thus, as a consequence, a greater scale or utilizing word counts (due to the lack of uniformity) to evaluate the cases in this study, may lead to measurement bias.

Unfortunately, there is a trade-off between the objective characteristic of the scale and the number of indicators needed. As a result, in order to minimize the loss of richness from the data, the relative amount of indicators to measure the variables is quite significant.

3.7 Conceptualization & Operationalization

To deduct valuable conclusions from the research the following elaborates upon the independent and dependent variables concerning their definition, indicators and dimensions within the scope of this study. Furthermore the method of valuing the variable for individual cases is specified.

3.7.1 Conceptualization independent concept

<u>*Business model scalability: do exemplary inclusive business models have the capacity to scale?*</u>

In order to assess a business model's capacity to scale, this study hinges on the first key assumption. The assumption is based on the same logic used by scholars of theory and practice whom propose the potential for scaling is based on attributes present in the business model of an initiative.

Key assumption 1: An initiative's capacity to scale is evident in key characteristics of the business model.

Thus, to assess the independent concept, key dimensions of interest in the business model must be evaluated. In determining these dimensions theory plays a deductive role.

Scaling potential refers to the key features potentially allowing initiatives to realize scale, such as financial viability. These attributes are based on characteristics of business model sophistication (mission and impact) and inclusiveness (business case and stakeholders).

Mission and impact are attributes that relate to the intrinsic properties of an initiative. For mission these intrinsic properties concern the dedication towards poverty alleviation. The attributes that correspond with the mission include the business's relation to poverty, the intended reach or target group, and the intended involvement of the BOP. For impact the attributes focus on ensuring that development impact is achieved. The attributes that correspond with ensuring impact include taking a broad approach, assessment of indirect effects, assessment of social outcomes, assessment of broad dimensions of poverty and the presence of feedback mechanisms from beneficiaries. The extent to which these intrinsic properties (mission and impact) are refined will be interpreted as displaying sophistication of the business model.

Business case and stakeholder involvement can be considered the instrumental attributes of an inclusive business model. With regards to the business case, the instrumental properties concern the interest of the firm to commit to the initiative. The relevant attributes for the business case include a link to the core business, mutually reinforcing social and economic goals and financial viability. With regards to stakeholders the instrumental attributes concern partnerships and include the types of partnerships utilized, the issues involved and the relation to the core business. The extent to which the instrumental properties of the business case (stakeholders and business case) are fully comprehensive can be interpreted as displaying the inclusiveness of the business model.

Using this taxonomy a distinction can be made between inclusive business models that have a high to low degree of sophistication and inclusiveness. An inclusive business model that is highly sophisiticated and highly inclusive will be more effective in contributing to inclusive growth. These attributes together form dimensions of the ideal business model with which to scale an inclusive initiative, and as a result are used for benchmarking. The business models of initiatives are scored according to these attributes, resulting in a high or low score for capacity to scale.

3.7.2 Operationalization independent concept

The independent variable is measured using a process of benchmarking. By developing an ideal type of business model (on the basis of the selected characteristics) for scaling and by developing scores for the characteristics of the ideal type, every business model can be assessed through comparison with the benchmark.

The independent concept requires translation of qualitative data into quantitative data for further statistical analysis. As a result the qualitative data is analyzed using a binary scale of yes or no, which is recorded by giving one (yes) or zero (no) points. As a result of these points, which are given per indicator, an initiative is given a score per variable. This is calculated by the total score of the indicators divided by the total number of indicators belonging to that variable.

$$Variable\ Score\ = \frac{\sum classification\ scores}{number\ of\ indicators}$$

The eventual score for business model scalability is calculated as the average of the scores of the four variables.

3.7.3 Conceptualization dependent concept

Scaling strategy: do inclusive business initiatives portray an intent to scale?

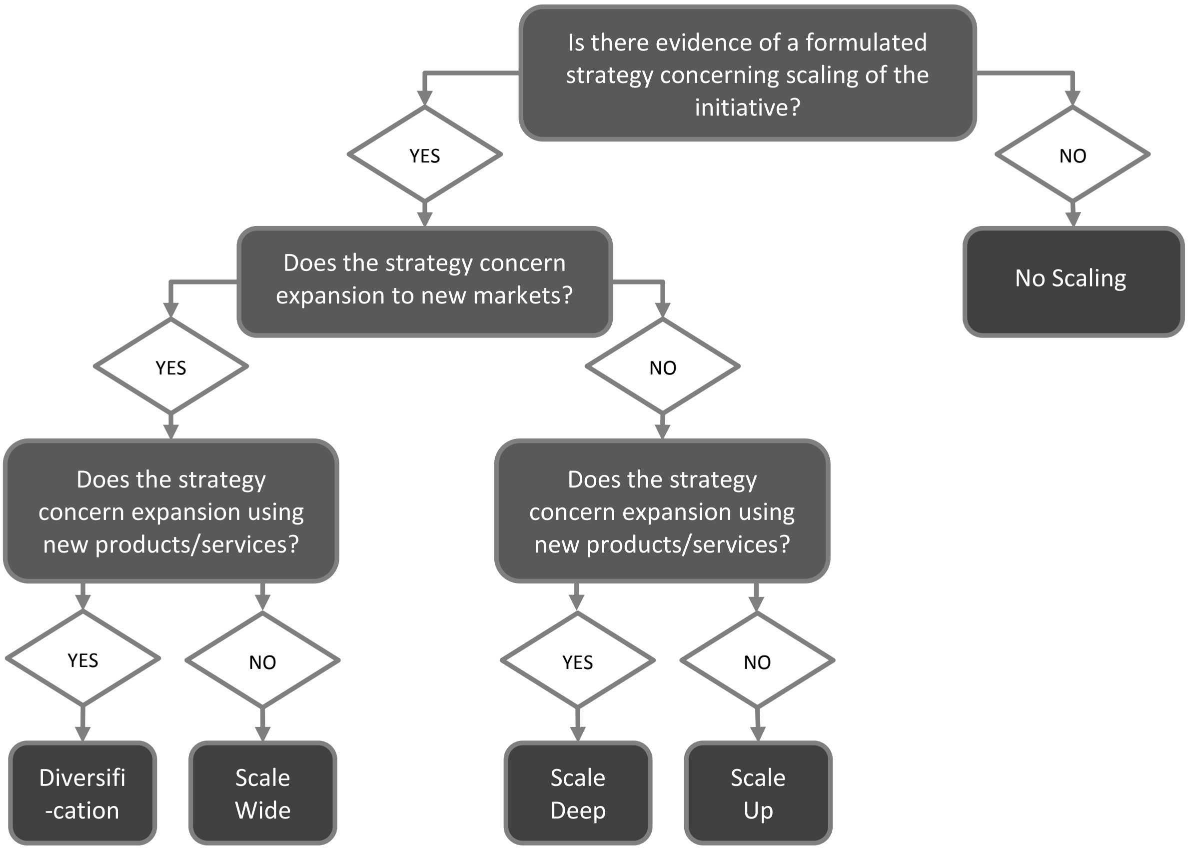
The second part of the content analysis proposes another key assumption on which this study is based. As a result this study does not look at whether inclusive business initiatives are using scaling strategies, but rather whether inclusive business initiatives intend to.

Key Assumption 2: An initiative's potential to scale is evident in the presence of a formulated scaling strategy.

The goal of this phase is to describe the scaling strategies of inclusive business. As the above assumption states, scaling strategies are measured by assessing the presence of a formulated strategy for scaling. The results for this nominal concept are therefore initially be contrasted using two categories; cases in which a strategy for scaling is formulated and cases in which no strategy for scaling is formulated. Subsequently, London's (2011) categorization of scaling strategies is used to further refine the results. This refinement allows a segmentation of the intended scaling strategies based on whether the scaling strategy intends to enter new markets and/or market new products. Thus, if a strategy is indeed formulated a further categorization distinguishes whether a strategy for scaling focuses on scaling wide, scaling deep, scaling up or diversification. Finally a further refinement is made by assessing the significance of partnerships in the scaling strategies by evaluating a reference to partnerships in formulated scaling strategies. This last aspect seems especially relevant given the emphasis on partnerships in the literature of scaling.

3.7.4 Operationalization dependent concept

The dependent concept requires the translation of qualitative data into categories (the different scaling strategies). Although this does not necessarily require data translation, it is used in order to ensure reliability. The scaling strategy is a complex concept to evaluate as determining the right category requires several interpretative decisions. By making this decision-making process dichotomous, the logic in making distinctions can be preserved (Krippendorff, 2004). As a result this study uses a decision tree requiring merely yes or no decision to translate the qualitative data into categories. Each node in the decision tree provides a code existing of zero, one or two. Finally depending on the answers given to the questions a path-code is formed that matches a specific scaling strategy. The classification path leads the results to be placed in one of five scaling strategies; no scaling strategy, scaling wide, scaling deep, scaling up and diversification.



3.8 Analysis

The analysis aims to assess whether a relation exists between the variance in business model scalability and the scaling strategy.

Each scaling strategy will be regarded as a cluster consisting of initiatives. First the means between each group will be compared using a one-way Anova. This will indicate whether there is a significant difference between the clusters that formulated a specific research strategy based on the scalability of their business model.

The various variables that are included in the conceptual framework provide an opportunity to further explore the relationship and as a result enhance understanding of relations between variables. As the analysis concerns five clusters, although a significant difference may exist between the groups, the one-way Anova is insufficient to determine where this difference lies. Therefore, a Mulit Nomial Logistic Regression complements the analysis. This will enable isolation of the significant differences in means by determining where and between which groups the differences are. A Muliti Nomial Logit enables a regression analysis using a categorical dependent variable while using both categorical and / or continuous independent variables. By not only including overall scalability, but also the independent variables mission, impact, business case and stakeholders, inferences can be made concerning more or less correlation between each of these variables and a specific scaling strategy.

In conducting the analysis several control variables will be included. These variables concern characteristics of the case including number of pages and publication date.

3.9 Research Characteristics

3.9.1 Reliability

A key limitation of this study is that due to limited resources data is only coded by one person. This puts the reliability of the results to the test, as no inter-rater reliability is achieved. Provided this knowledge the coding scheme is designed to enhance reliability in other ways.

According to Potter and Donnerstein (1999) the misapplication of coding rules forms the greatest threat. Latent content relies more on the personal scheme of the coder and therefore may result in more inconsistencies between coders than manifest content would result in. "The more that coders are asked to make difficult judgments, the more they bring their own schema into play" (Potter and Donnerstein, 1999). Given this insight the coding scheme is designed to make the coding process easy, so that if multiple coders were involved these coders would make similar decisions due to the logic that is at play. This would therefore result in reliable data. The choice for a binary measurement scale enables this.

To further enhance reliability, the coding scheme was pretested, evaluated and adjusted during several revisions in order to ensure that the system is complete and applicable to the content to be studied. Several researchers claim this to be central to the quality of the analysis (cf. Duriau et al., 2007; Tangpong, 2010)

3.9.2 Validity

By using a deductive process in the design of the coding construct validity can be achieved (cf. Potter & Donnerstein, 1999; Durieau et al., 2007; Tangpong, 2010). The coding scheme was designed by basing the important indicators in the content on theory.

Whereas measurement reliability is high when using manifest content, measurement validity is high when using latent content (Durieau et al., 2007). The reason for this is that latent content allows a richer assessment by studying the underlying meaning rather than counting word frequencies. "Large recording units can largely preserve the meaning of text since words are interpreted in the context in which they originally existed, thus strengthening semantic validity" (Tangpong, 2010). To limit the amount of subjectivity and therefore ensure validity, the decision was made to qualitatively analyze latent content by studying case study units of analysis, rather than manifest content analysis through word counts.

However in attempting to design the scheme in such a way (using a binary scale) that coders would likely make similar decisions, to ensure reliability, the richness of the data which latent content endows may be at risk. There seems to be a trade-off between reliability and validity (Potter & Donnerstein, 1999; Larsson 1993). "The main argument for complex coding schemes is that they enable maximal information extraction … so that reliable distinctions can be made" (Larsson, 1993). Over simplifying the coding scheme may thus result in reduced validity due to information loss. To use latent content in combination with a simplified coding scheme requires the coding scheme to comprise the different patterns that are needed to recognize the presence of a concept. The design therefore involves a type of calculation that allows coders to consistently use in assembling the manifest indications into a pattern that enables conclusions concerning the underlying meanings of content regarding the variable. This aims to make coding more systematic and thus scientific. Consequently, to limit the loss of validity due to simplification of the scale, indicators with several categories or which required making several sub decisions were broken down in to more indicators.

Finally, the validity may be somewhat limited due to the sample which may be biased with regards to preferred or best case studies per source. Several steps were taken to limit the impact of this. Mainly by including a relatively large sample size and ensuring a purposive case selection strategy that aimed to include a variety of sources and using cluster sampling to include the same amount of sources from each source. Lastly, control variables deriving from case study characteristics are included in the analysis in order to control for any unwanted bias such as page numbers and publications year.

3.9.3 Replication and Generalization

Using a case survey approach provides several benefits. The elaboration of the coding scheme and the public availability of the cases used in the study allow researchers to easily re-code the data and enhance reliability, to replicate the study, to cross-validate results or to extend the findings.

4 RESULTS

The final sample pool analyzed for this research consisted of 70 exemplary case studies of inclusive business initiatives. A full list of all the included case studies can be found in Table 8. The cases were measured for their performance on mission, impact, business case and stakeholder involvement from which the final score for scalability was derived. These case studies were also evaluated on the presence of a future scaling strategy, the type of scaling strategy and various general business model characteristics.

The sample displays a trend (with an exception of 2009) in which the number of cases included increases with the publication year (see Table 9). Furthermore, the mean number of pages of which the case studies in the sample consisted was 7,59 with a standard deviation of 7,288. The smallest case studies consisted of two pages and the largest case study of 40 pages. A bivariate analysis verified that the number of pages of the case studies does not significantly correlate with the attained scores for scalability or scaling strategies indicating that information bias is expected to be insignificant (See Appendix 10
).

Publication year (Frequency)							
2005	2006	2007	2008	2009	2010	2011	2012
1.4%	1.4%	5.7%	5.7%	1.4%	15.7%	37.1%	12.9%
1	4	4	10	4	11	26	9

Number of Pages (Descriptives)				
Mean	Std. Dev.	Range	Min. Stat.	Max. Stat.
7,59	7,288	38	2	40

Table 9 Sample Characteristics

The data from the cases studies were retrieved by reading the cases at least two times and recording the data in Microsoft Excel. During the content analysis process the coding scheme was revised where necessary (by for instance adding categories for unspecified answers). For each case the data for all variables were obtained. Subsequently, the data was transferred to SPSS for further statistical analysis. Certain portions of the data obtained were recoded into numerical or nominal data in order to conduct the analysis. Furthermore, categorical variables had to be recoded into dummy variables. In this part first the results of the measurements and then of the analysis are presented.

4.1 Univariate Analysis

The first part of the results aims to describe the data found per variable. It thus presents the data derived from the analysis and its attributes prior to conducting the simultaneous analysis of multiple variables through tests.

4.1.1 Business Model Scalability

The independent variable in this study is business model scalability. This is a continuous variable which is established by taking the average of the scores given for the variables mission, impact, business case and stakeholder involvement. For all five variables an outlier check was performed using standardized values and a cutoff of cases of which the z-score exceeded the absolute value of 2.5. This assessment brought 5 outliers in perspective (case 13 for scalability, cases 13 and 14 for mission, case 10 for Business case and case 69 for stakeholder). However, a sensitivity analysis of the outliers (using the absolute and relative change in mean) verified that they did not have a significant influence on the samples statistics and therefore were included in all following analyses.

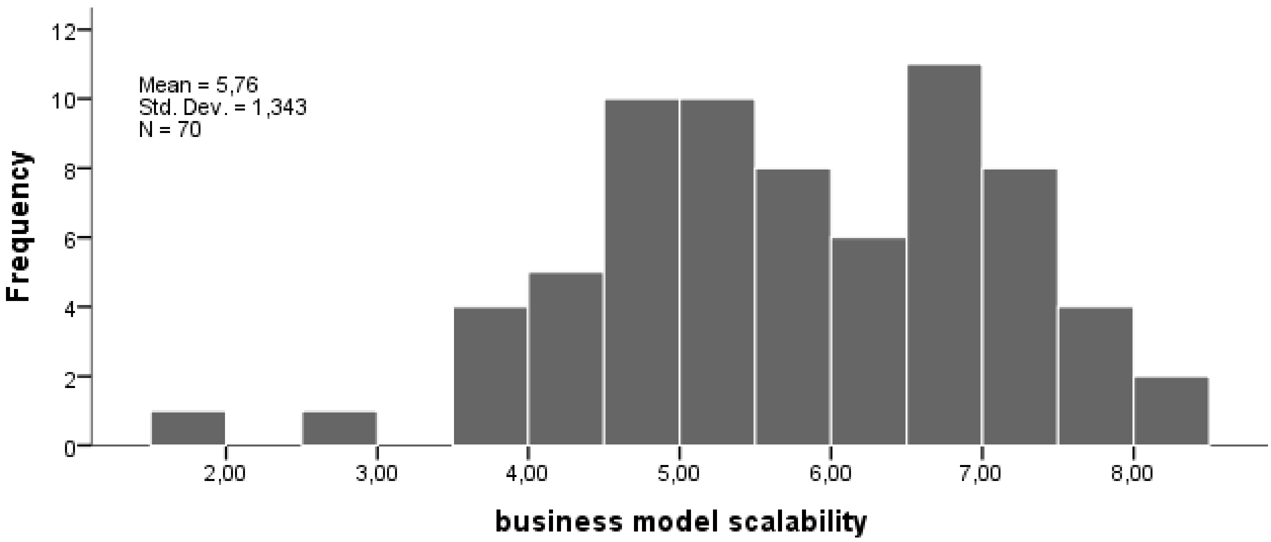
The descriptive statistics for scalability and its comprising variables are presented in Table 10.

Business Model Scalability – Descriptive Statistics (N=70)										
	Mean	95% confidence interval for mean		Median	Std. Dev.	Range	Min. Stat.	Max. Stat.	Percentiles	
		Lower bound	Upper bound						25	75
Scalability	5,765	5,435	6,075	5,870	1,343	6,700	1,740	8,440	4,783	6,798
Mission	5,964	5,609	6,320	6,250	1,492	8,750	0,000	8,750	5,938	6,250
Impact	4,405	3,722	5,088	3,330	2,866	10,000	0,000	10,000	1,670	6,670
Business Case	6,033	5,596	6,470	6,670	1,831	8,890	1,110	10,000	4,440	6,670
Stakeholder	6,619	6,124	7,114	6,670	2,075	10,000	0,000	10,000	5,000	8,330

Table 10 Business Model Scalability – Descriptive Statistics

The mean score for scalability is 5,765. With a range of 6,7 and a rather low standard deviation (1,343), for most cases the individual case scores are located close to the mean. For instance, the interquartile range shows that 50% of the cases in the sample have a scalability score that falls between 4,783 and 6,798. The distribution of the scores is depicted in the histogram below (see Figure 12). The analysis also shows that the 95% confidence interval for the mean lies between 5,435 and 6,075 which is quite narrow. This basically means that if repeated samples of 70 are drawn from the population, we can expect the mean of these samples to fall between this interval (5,435 and 6,075) 95% of the time.

Figure 12 Distribution of Scalability



The value for the variables from which the score for scalability is derived (mission, impact, business case and stakeholder involvement) were obtained by answering a multitude of questions regarded as indicators of the variable (see coding scheme in Appendix 4). The greater the number of indicators present, the higher the score achieved for each variable.

The means of the variables from which the score for scalability is derived (mission, impact, business case and stakeholder involvement) show which variables have increased or decreased the mean for scalability (5,765). The highest mean is that of the variable stakeholder involvement with a score of 6,619 and the lowest is the mean of impact with 4,405. Thus whereas stakeholder involvement tends to increase the mean of scalability, impact decreases it. Of both variables the range is 10 indicating that cases in the sample obtained the lowest and highest possible values. Furthermore, for impact the standard deviation of 2,866 is relatively high showing the scores are more widely spread than in the other variables.

4.1.2 Scaling Strategy

Scaling strategy was the main dependent variable in this study and was treated as a categorical variable. The scaling strategy was derived by answering multiple questions concerning the future plans of the firm. These questions were designed in the form of a decision tree with each answer path leading to an individual scaling strategy. Thus to achieve the final value the binary answers to the decision tree questions were recoded into scaling categories. In some instances more than one scaling strategy was mentioned and in these cases the first intended scaling strategy was recorded.

Scaling Strategy				
No Scaling	Scaling up	Scaling deep	Scaling wide	Diversification
20.0%	25.7%	7.1%	42.9%	4.3%
14	18	5	30	3

Table 11 Scaling Strategy - Frequency

Table 11 shows the results of the dependent variable using a frequency count. The results for scaling strategy display that most cases in the sample (80%) discussed a scaling strategy in their future plans. Furthermore, the most common scaling strategy is scaling wide (42.9%) and the least common diversification (4.3%), followed by scaling deep (7.1%).

4.1.3 Partnerships for Scaling

The scaling strategies mentioned in the case studies were also evaluated to understand the relevance of partnerships. This principally entailed checking whether there is any mention of partnerships in the scaling strategy, thus, whether the initiative aims to scale with partners or through partnerships.

Partnerships for Scaling		
	Frequency	Percent
no partner	33	47,1%
partner	37	52,9%

Table 12 Partnership for Scaling - Frequency

The results from the study show that slightly more than half of the exemplary inclusive business cases (52,9%) embraces partnerships within their scaling strategy (see Table 12).

4.1.4 General Business Model Characteristics (N=70)

The general business model characteristics were included in this study as explanatory variables. All the variables in this category are categorical variables apart from maturity. The results accompanying these variables are accumulated in Table 13.

Region of initiative (Frequency)						
Latin America	North America	Africa	Europe	Asia	Australia	Multiple Continents
25.7%	0%	45.7%	1.4%	25.7%	0%	1.4%
18	0	32	1	18	0	1

Industry (Frequency)									
Agriculture, Forestry & Fishing	Mining	Construction	Manufacturing	Transportation, Communication Utilities & Sanitary	Wholesale Trade	Retail Trade	Finance, Insurance & Real Estate	Services	Public Administration
28.6%	0%	1.4%	7.1%	15.7%	4.3%	4.3%	15.7%	22.9%	0%
20	0	1	5	11	3	3	11	16	0

Millennium development goal focus (Frequency)								
End poverty & hunger	Universal Education	Gender Equality	Child Health	Maternal Health	Combat HIV/aids	Environment Sustainability	Partnership for Development	Unspecified
61.4%	1.4%	2.9%	0%	1.4%	10%	20.0%	0%	2.9%
43	1	2	0	1	7	14	0	2

BOP supply chain focus (Frequency)			
Consumers	Traders & other intermediaries	Smallholders (fishers, farmers, producers)	Employees
50.0%	7.1%	37.1%	5.7%
35	5	26	4

Ownership structure of initiative (Frequency)					
Indepdnt. Org	Subsidiary	Business Unit	Partnership	Joint venture	Unspecified
42.9%	11.4%	5.7%	34.3%	2.9%	2.9%
30	8	4	24	2	2

Character of initiative (Frequency)				
Spin-off	Core Business Ex.	(CSR) project	Startup	Unspecified
5.7%	38.6%	24.3%	28.6%	2.9%
4	27	17	20	2

Phase of Initiative (Frequency)				
Design/pilot	Exploitation	Scaling	Embedding	Seized
24.3%	32.9%	41.4%	0%	1.4%
17	23	29	0	1

Sector of initiating organization (Frequency)				
Private	Nonprofit/NGO	Government	Community	Multi Sector
58.6%	11.4%	1.4%	2.9%	25.7%
41	8	1	2	18

Origin of initiating organization (Frequency)		
Local	Foreign	Local & Foreign
52.9%	17.1%	30.0%
37	12	21

Maturity (Descriptive)				
Mean	Std. Dev.	Range	Min. Stat.	Max. Stat.
6.21	7.315	44	-2	42

Table 13 General Business Model Characteristics – Frequencies & Descriptives

The results show that the most common integration of the BOP target market within the value chain of these initiatives is as a consumer or end user focus, the approach is used by 50% of the initiatives. This is followed by 37.1% of the initiatives which focus on the BOP as smallholder suppliers within the value chain (small scale fishers, farmers or producers). The other 12.9% of the inclusive business initiatives focuses on the BOP as traders and intermediaries (7.1%), and employees within organizations (5.7%).

The most common industries in which the exemplary cases operate are the agricultural (28.6%) and services industry (22.9%). With a majority of 61.4%, most of the initiatives focus on MDG 1, eradicating global poverty and hunger, followed by 20% on MDG 7, global environmental sustainability.

4.1.5 Initiative Outcome

After the analysis and coding of all case studies was done, a small test was conducted to see whether the concerned initiatives are successful. This test was done by checking whether the initiatives still exist by looking each initiative up through Google search engine, the website of the initiatives and the website of the parent organizations. The initiatives were assigned a positive outcome if new publications or messages were found that indicated a sign of life at least up to the year 2011. Initiatives were assigned a negative outcome if evidence was found that the initiatives seized.

As a result of this analysis 65 of the 70 initiatives (92,9%) were found to be successful and have a positive outcome (see Table 14).

Initiative Outcome		
	Frequency	Percent
Positive	65	92,9%
Negative	5	7,1%

Table 14 Initiative Outcome – Frequency

4.2 Multivariate Analyses

The first analysis looked at whether any correlation could be found between the maturity of the business model and the scaling strategies. In order to test this, a one-way ANOVA was conducted. The results from the ANOVA displayed that there is a statistically significant difference between the groups of scaling strategies based on mean business model maturity (p. > .90).

ANOVA – Scaling Strategies vs. Business Model Maturity					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	426,294	4	106,573	2,121	,088
Within Groups	3265,492	65	50,238		
Total	3691,786	69			

Table 15 ANOVA – Scaling Strategies vs. Business Model Maturity

Unfortunately, a post hoc Tukey test could not point out where within the groups this difference lies. As a result a cross tabulation was made to compare the descriptive statistics of maturity per group of scaling strategies. As previously stated the average age of all the exemplary initiatives was 6,21 years. From the cross tabulation we can see that the cases that chose scaling up or scaling wide are on average less mature (scaling wide 5,20 years; scaling up 4,11 years) than cases that chose for scaling deep (12,40 years) or diversification (9,14 years).

		Maturity vs. Scaling Strategy				
		No Scaling	Scale Up	Scale Deep	Scale Wide	Diversification
Business Model Maturity	N	3	18	5	30	14
	Mean	5,00	4,11	12,40	5,20	9,14
	Std. Deviation	3,464	5,223	9,788	4,498	11,792
	Median	7,00	2,50	9	4,00	3,50
	Minimum	1	-2	5	-1	1
	Maximum	7	21	29	22	42
	Range	6	23	24	23	41
	% of Total Sum	3,4%	17,0%	14,3%	35,9	29,4%

Table 16 Cross Tab - Maturity vs. Scaling Strategy

4.2.1 Scaling Strategies & Scalability

The second analysis aims to understand whether and how scalability of the business model influences the choice for a type of scaling strategy. To start the analysis first a one-way ANOVA was conducted in order to test whether there is a significant difference in the means of the groups defined by the scaling strategies (see Table 17). The ANOVA concluded that only in terms of performance on business case do the means differ significantly to the 95% significance level. Furthermore, in terms of scalability the four scaling strategies almost differ significantly at a 90% significance level.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Business model scalability	Between Groups	13,600	4	3,400	1,992	,106
	Within Groups	110,929	65	1,707		
	Total	124,529	69			
Mission	Between Groups	5,126	4	1,282	,561	,692
	Within Groups	148,534	65	2,285		
	Total	153,661	69			
Impact	Between Groups	27,249	4	6,812	,821	,517
	Within Groups	539,558	65	8,301		
	Total	566,807	69			
Business Case	Between Groups	37,818	4	9,455	3,174	,019
	Within Groups	193,631	65	2,979		
	Total	231,449	69			
Stakeholder involvement	Between Groups	28,267	4	7,067	1,709	,159
	Within Groups	268,829	65	4,136		
	Total	297,096	69			

Table 17 One-way ANOVA – Scaling Strategies vs. Scalability

In order to answer the research question two multinomial logistic regression analyses were performed. This type of regressions is especially useful when testing for a relationship between variables of which the dependent variables is categorical. By categorizing the dependent variable in groups, the multinomial logistic regression tests whether the independent variable significantly differentiates the probability of belonging to a type of group compared to the referent group.

In both logistic regression models the preferred scaling strategy of the exemplary case studies is used as a dependent variable that defined the groups and resulted in 4 categories of scaling strategies; scaling up, scaling deep, scaling wide and diversification. Furthermore the presence of no scaling strategy was used as the reference category.

Scaling strategy	N	Mean	Std. Deviation	Range	Minimum	Maximum
diversification	3	5,1267	1,39102	2,64	4,06	6,70
no scaling	14	5,0650	,86672	2,92	3,75	6,67
scale deep	5	5,2760	1,09450	2,99	3,78	6,77
scale up	18	5,9067	1,54841	5,91	2,53	8,44
scale wide	30	6,1287	1,33575	6,07	1,74	7,81
Total	70	5,7550	1,34341	6,70	1,74	8,44

Table 18 Summary of Scalability per Scaling Strategy

For the first analysis the independent variable used in the model is business model scalability and was included as a continuous variable. The multinomial logistic regression model used in this study estimates the effect of scalability on the probability of choosing a type of scaling strategy in comparison to choosing no scaling strategy (the reference category).

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	173,789			
Final	165,893	7,896	4	,095

Table 19 Multi Nomial Logit (Scaling & Scalability) - Model Fitting Information

For the first regression the model the chi-square test showed that the model fit was significant (p = < α 0.10). Furthermore, with only one predictor variable this significance test supports the existence of a relationship between the independent (scalability) and dependent variables (scaling strategies).

Scaling strategy		B	Std. Error	Wald	df	Sig.	Exp(B)	90% Confidence Interval for Exp(B)	
								Lower Bound	Upper Bound
diversification	Intercept	-1,714	2,505	,468	1	,494			
	Scalability	,034	,474	,005	1	,943	1,035	,475	2,255
scale deep	Intercept	-1,640	2,115	,601	1	,438			
	Scalability	,118	,393	,091	1	,764	1,125	,590	2,146
scale up	Intercept	-2,502	1,627	2,364	1	,124			
	Scalability	,501	,290	2,990	1	,084	1,650	1,025	2,657
scale wide	Intercept	-2,884	1,538	3,518	1	,061			
	Scalability	,649	,273	5,634	1	,018	1,914	1,221	3,001
a. The reference category is: no scaling.									

Table 20 Multi Nomial Logit (Scaling & Scalability) - Parameter Estimates

The results of the first multinomial logistic regression show that all scaling strategies have a positive value for the multinomial logit estimate (B). This indicates that if keeping all other factors constant, for all categories of scaling strategies, an increase in scalability would lead to an expected increase of the odds of preferring a scaling strategy above no scaling strategy. The odds ratio (Exp(B)) reflects the probability of an initiative preferring a category of scaling strategy over no scaling. The odds ratios of each scaling category being larger than one (Exp(B) = > 1) indicates that the probability of preferring a scaling strategy over no scaling increases as scalability increases.

However, the only categories for which scalability is statistically significant (p= <.10) in differentiating between a scaling strategy and no scaling strategy are for scaling up (p=0.084) and scaling wide (p=0.018). Indeed, an odds ration value of 1.650 implies that for each unit increase in scalability the odds of preferring scaling up above no scaling increases by 65% (1.650 - 1.0 = 0.650). Furthermore, for scaling wide, an odds ration value of 1.914 implies that for each unit increase in scalability the odds of preferring scaling wide above no scaling increases by 91.4% (1.914 - 1.0 = 0.914).

The results indicate that scalability is a useful predictor for differentiating initiatives by their scaling strategies. The model displayed that a higher score for scalability increases the probability of an initiative preferring scaling up or scaling wide above no scaling at a 90% significance level. The probability of preferring scaling deep or differentiation also increases with an increase in scalability, although this relationship is not statistically significant.

To look somewhat closer at whether an initiative's performance on mission, impact, business case or stakeholder involvement has an effect on the probability of choosing a type of scaling strategy in comparison to choosing no scaling strategy. Thus the study was complemented with a second multinomial logistic regression model using the same dependent variable, scaling strategy, and mission, impact business case and stakeholder involvement as dependent variables. In the second model the reference category for the dependent variables was once again no scaling strategy.

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	187,887			
Final	162,495	25,392	16	,063

Table 21 Multi Nomial Logit (Scaling & Mission, Impact, Business Case, Stakeholders) - Model Fitting Information

For the second model the probability of the model chi-square (25,392) was significant (p. < α= .10, indicating the model is a good fit, and supports the existence of a relationship between the combination of independent variables and the dependent variables (see Table 21). Furthermore, the likelihood ratio tests (see Table 22) show that from the four independent variables included only business case has a statistically significant relationship with scaling strategies that is significant at the 95% level. This finding supports the existence of a relationship between an initiative's performance on business case and the preferred scaling strategies.

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	167,352	4,857	4	,302
Mission	164,568	2,073	4	,722
Impact	166,595	4,100	4	,393
Business Case	175,504	13,009	4	,011
Stakeholder	170,212	7,717	4	,103

Table 22 Multi Nomial Logit (Scaling & Mission, Impact, Business Case, Stakeholders) - Likelihood Ratio Tests

The results of the second multinomial logistic regression display that for the independent variable mission the scaling strategies diversification and scaling wide have a negative value for the multinomial logit estimate (B) indicating an increase in performance on mission would lead to an expected decrease of the odds of preferring one of these scaling strategy above no scaling strategy. For scaling deep and scaling up the multinomial logit estimate (B) is positive indicating an increase in the value for mission would lead to an increased probability preferring scaling deep or up above no scaling.

For the variable impact all scaling strategies have a positive value for the multinomial logit estimate (B). Thus, keeping all other factors equal, for all categories of scaling strategies, an increase in the score for impact would lead to an expected increase of the odds of preferring a scaling strategy above no scaling strategy. For business case all scaling strategies except for scale deep have positive multinomial logit estimate (B), whereas for stakeholder involvement all scaling strategies except for scaling wide have a negative multinomial logit estimate (B).Thus for business case this indicates that keeping all other factors constant, for all categories of scaling strategies excepts scaling deep, an increase on score for business case would lead to an expected increase of the odds of preferring a scaling strategy above no scaling strategy. For scaling deep an increase in business case would decrease the probability of scaling strategy above no scaling strategy. Finally for the variable stakeholder involvement, an increase in stakeholder involvement would lead to an expected decrease in the probability of choosing to scale deep, scale up or diversification above no scaling strategy. On the contrary an increase in stakeholder involvement would lead to an increased probability of preferring to scale wide over no scaling (see Table 23).

Scaling strategy		B	Std. Error	Wald	df	Sig.	Exp(B)	90% Confidence Interval for Exp(B)	
								Lower Bound	Upper Bound
Diversification									
	Intercept	-1,911	2,966	,415	1	,519			
	Mission	-,124	,430	,082	1	,774	,884	,435	1,794
	Impact	,323	,259	1,561	1	,211	1,382	,903	2,115
	Business Case	,449	,480	,874	1	,350	1,566	,711	3,451
	Stakeholder	-,473	,335	1,992	1	,158	,623	,359	1,081
Scale deep									
	Intercept	-,925	2,660	,121	1	,728			
	Mission	,262	,387	,459	1	,498	1,300	,688	2,457
	Impact	,216	,213	1,021	1	,312	1,241	,873	1,762
	Business Case	-,201	,307	,427	1	,514	,818	,494	1,356
	Stakeholder	-,244	,289	,711	1	,399	,784	,487	1,261
Scale up									
	Intercept	-2,632	2,011	1,712	1	,191			
	Mission	,102	,288	,125	1	,723	1,107	,689	1,779
	Impact	,284	,156	3,290	1	,070	1,328	1,027	1,717
	Business Case	,432	,255	2,859	1	,091	1,540	1,012	2,343
	Stakeholder	-,205	,212	,937	1	,333	,815	,575	1,154
Scale wide									
	Intercept	-3,997	1,926	4,309	1	,038			
	Mission	-,197	,265	,553	1	,457	,821	,531	1,270
	Impact	,206	,150	1,898	1	,168	1,229	,961	1,572
	Business Case	,676	,257	6,930	1	,008	1,965	1,288	2,997
	Stakeholder	,169	,205	,678	1	,410	1,184	,845	1,658
a. The reference category is: no scaling.									

Table 23 Multi Nomial Logit (Scaling & Mission, Impact, Business Case, Stakeholders) – Parameter Estimates

However, taking in consideration the results that are statistically significant, it can only be said that business case and impact are statistically significant differentiators of scaling strategies at the 90% significance level. For business case significant results are found in scaling up and scaling deep ($p= <.10$) in comparison with no scaling strategy. These odds ratios indicate that with every one unit increase in business case an initiative odds of preferring scaling up above no scaling increases by 54% (1.540 - 1.0 = 0.540) and the odds of preferring scaling wide above no scaling increases by 96.5% (1.965 - 1.0 = 0.965). For impact one significant result was found in the category scaling up. Here the odds ratio indicates that a one unit increase in impact is expected to increase the probability of an initiative preferring to scale up rather than no scaling by 32.8% (1.328 -1= 0.328).

Thus, whereas business case is the only independent variable that has a significant relationship to the dependent variable (scaling strategy) and is statistically significant in differentiating between categories of scaling strategies, impact is also statistically significant in differentiating between categories of scaling strategies.

4.2.2 Partnerships for Scaling & Scalability

Several linear regressions were performed to find out if any correlation exists between business model scalability and the inclusion of partnerships as a component of the scaling strategy. In total five models were run using partnerships for scaling as the independent variable and business model scalability, mission, impact, business case and stakeholder involvement as the dependent variables. Table 24 provides an overview of the summaries of each regression model. As can be seen the R square of all five models is low meaning these models do not account for all observed variance in partnerships for scaling.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of Estimate
Business Model Scalability	,325	,106	,093	1,27971
Mission	,204	,042	,038	1,47156
Impact	,188	,035	,021	2,83553
Business Case	,230	,053	,039	1,79547
Stakeholder inv.	,233	,054	,040	2,03264

Table 24 Partnerships for Scaling & Scalability - Linear Regression Model Summaries

The various regression models show that partnerships for scaling is significantly correlated to business model scalability at the 99% significance level ($p = < \alpha$ 0.01), and to mission, business case and stakeholders at the 90% significance level ($p = < \alpha$ 0.10). See Table 25.

Although it is not possible to accurately indicate the degree of correlation due to the low R square of all the models, the dependent variables show that the significant correlations are positive. Thus where an initiative embraces partnerships in their scaling strategy, the initiative's performance on business model scalability, mission, business case and stakeholders tends to be higher.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficient	t	Sig.
		B	Std. Error	Beta		
1	Dependent Variable: Business Model Scalability					
	Constant	5,296	,223		23,772	,000
	Partnership for scaling	,869	,306	,325	2,836	,006
2	Dependent Variable: Mission					
	Constant	5,644	,256		22,032	,000
	Partnership for scaling	,606	,352	,204	1,720	,090
3	Dependent Variable: Impact					
	Constant	3,838	,494		7,775	,000
	Partnership for scaling	1,073	,679	,188	1,580	,119
4	Dependent Variable: Business Case					
	Constant	5,590	,313		17,886	,000
	Partnership for scaling	,838	,430	,230	1,948	,056
5	Dependent Variable: Stakeholders					
	Constant	6,110	,354	,233	17,269	,000
	Partnership for scaling	,962	,487	,233	1,977	,052

Table 25 Partnerships for Scaling & Scalability - Linear Regression Coefficients

4.2.3 Outcome & Scalability

An analysis was also performed to test whether a correlation exists between performance on business model scalability and the outcome of an initiative (whether it still exists). This was once again done using five linear regressions models of which the independent variable was the outcome of the initiative and the dependent variables business model scalability, mission, impact, business case and stakeholder involvement. For all five models the R square was quite low, indicating that not all of the observed variance can be accounted for. An overview of the summaries of each regression model is provided in Table 26.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of Estimate
Business Model Scalability	,004	,000	-,015	1,35324
Mission	,087	,008	-,007	1,49755
Impact	,123	,015	,001	2,86521
Business Case	,242	,059	,045	1,78990
Stakeholder inv.	,096	,009	-,005	2,08057

Table 26 Outcome & Scalability - Linear Regression Model Summaries

Merely one of the five models run for this analysis resulted in a significant outcome. The fourth model shows that the dependent variable business case is positively correlated to the outcome of an initiative at the 95% significance level ($p = < \alpha$ 0.05). The model indicates that initiatives which currently still exist (or have a positive outcome) achieve a greater score for business case. Although the unstandardized coefficient is 1,711, because the R square for this model is very low, it is not possible to accurately indicate the degree of correlation but merely that it is positive.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficient	t	Sig.
		B	Std. Error	Beta		
1	Dependent Variable: Bus. Model Scalability					
	Constant	5,734	,605		9,475	,000
	Outcome	,023	,628	,004	,036	,971
2	Dependent Variable: Mission					
	Constant	5,500	,670		8,212	,000
	Outcome	,500	,695	,087	,719	,474
3	Dependent Variable: Impact					
	Constant	5,666	1,281		4,422	,000
	Outcome	-1,358	1,330	-,123	-1,021	,311
4	Dependent Variable: Business Case					
	Constant	4,444	,800		5,552	,000
	Outcome	1,711	,831	,242	2,060	,043
5	Dependent Variable: Stakeholders					
	Constant	7,332	,930		7,880	,000
	Outcome	-,768	,966	-,096	-,795	,429

Table 27 Outcome & Scalability - Linear Regression Coefficients

4.2.4 Business Model Characteristics & Scalability

In order to test the effect of the various general business model characteristics, on business model scalability, mission, impact, business case and stakeholder involvement, a number of multiple regressions was performed. In each multiple regression model the general business characteristics were treated as the independent variables. However, most of the business model characteristics are categorical variables, and thus needed to be recoded into binary, or dummy, variables. Since we are interested in the statistical inference, it was determined to include all variables, so the effect of each individual variable on the dependent variable, significant or not, could be established, instead of creating a model which best predicts the dependent variable.

4.2.4.1 Multiple Regression Business Model Scalability

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	,865[a]	,747	,438	1,00714

Table 28 Multiple Regression General Business Model Characteristics & Scalability – Model Summary

The first multiple regression performed was the effect of the general business model characteristics on business model scalability. The resulting model (Table 28) had an R square value of 0,747, indicating a relatively good fit between the model and the data. Conversely the adjusted R square value was lower at a mere 0,438 indicating that many of the variables included in the model do not contribute much to the explanation of the dependent variable. Furthermore, when judging the results of the ANOVA (Table 29) it is established that the independent variables, at a more than 99% significance level, determine the value of the dependent variable.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	93,084	38	2,450	2,415	,007[b]
	Residual	31,444	31	1,014		
	Total	124,529	69			
a. Dependent Variable: Business model scalability						

Table 29 One-way ANOVA - Business Model Characteristics & Scalability

When looking at the individual coefficients (Table 30) it becomes apparent which independent variables have a significant influence. The variable 'industry', indicating to which industry a case belongs is very significant as determined by the significance level of at least 90% for each of the relating binary variables. As can be seen from the table displaying the coefficients all the binary industry variables (with the exception of Agriculture which was not included) have a negative effect on the dependent variable, ranging from -4,159 for construction to -1,780 for transport. The relevant interpretation is that if a case belongs to any industry other than the Finance the business model scalability will be negatively impacted.

Additionally a case's supply chain focus impacts the business model scalability at a greater than 95% significance level. The independent variable supply chain focus was recoded into four binary variables, of which a consumer orientation was not included in the model. Of these binary variables a supply chain focus on smallholders had a significant impact on business model scalability reducing it by -1,192. In other words a case's supply chain focus has no effect on business model scalability with the exception of a small holder focus which has a negative impact.

Finally the millennium development goal, which a particular case is oriented towards, also resulted in a significance level greater than 99%. This variable was recoded into seven binary variables of which the millennium development goal to reduce poverty was not included. Of the binary variables only the one reflecting the lack of an orientation toward a millennium goal had a significant impact. If a case is not oriented toward a millennium development goal its business model scalability is negatively impacted by -3,657. In other words, it is a question of whether or not a case is aimed toward a millennium goal, if it is, there is no effect, if it is not, its business model scalability is reduced by -3,657.

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	7,921	,779		10,167	,000
Sector NGO	,395	,583	,094	,677	,504
Sector Public	-,451	1,218	-,040	-,370	,714
Sector Community	-1,490	,924	-,186	-1,613	,117
Sector Multi	,073	,600	,024	,122	,904
OwUnspeci	-1,040	1,142	-,130	-,910	,370
OwSubsid	-,459	,543	-,110	-,845	,404
OwBusUnit	-,597	,702	-,104	-,850	,402
OwPartner	,424	,617	,151	,688	,497
OwJointV	1,307	1,346	,163	,972	,339
OriginFor	-,214	,559	-,060	-,383	,705
OriginLvF	-,852	,669	-,297	-1,274	,212
CharacUnsp	,564	1,110	,070	,508	,615
CharacSpin	-,551	,790	-,096	-,697	,491
CharacProj	-,058	,532	-,019	-,109	,914
CharacStart	,182	,483	,062	,378	,708
SCinterim	-,045	,616	-,009	-,074	,942
SCsmall	-1,192	,531	-,432	-2,245	,032
SCemploy	-,751	,784	-,145	-,959	,345
PhDesign	-,281	,518	-,090	-,542	,592
PhExploit	,292	,383	,103	,763	,451
LatAmer	,045	,393	,015	,114	,910
Asia	-,480	,423	-,157	-1,134	,265
Europe	-,283	1,353	-,025	-,209	,836
MultiCont	,428	1,480	,038	,289	,774
MDGUniEd	,225	1,396	,020	,161	,873
MDGGend	1,169	1,234	,146	,947	,351
MDGMatern	1,234	1,718	,110	,718	,478
MDGHivAids	,829	,580	,187	1,430	,163
MDGEnvSus	,651	,466	,195	1,396	,172
MDGno	-3,657	,928	-,457	-3,942	,000
IndConst	-4,159	1,258	-,370	-3,305	,002
IndManuf	-2,851	,889	-,551	-3,209	,003
IndTransp	-1,780	,665	-,486	-2,676	,012
IndWhole	-2,072	,902	-,315	-2,298	,028
IndRetail	-2,017	1,031	-,306	-1,956	,059
IndFinan	-2,061	,587	-,562	-3,509	,001
IndServic	-2,484	,588	-,782	-4,227	,000
Maturity	,010	,032	,055	,311	,758
a. Dependent Variable: Business model scalability					

Table 30 Multiple Regression General Business Model Characteristics & Scalability – Coefficients

4.2.4.2 Stepwise Regression Business Model Scalability

In order to determine which variables best determine business model scalability a second regression was performed using the same general business model characteristics as independent variables. However as opposed to simply entering all variables, the stepwise method was chosen. The stepwise method enters only the variables which are most significant in predicting the dependent variable.

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	,465[a]	,217	,205	1,19772
2	,589[b]	,347	,327	1,10193
3	,691[c]	,478	,454	,99232
4	,730[d]	,533	,504	,94623
a. Predictors: (Constant), MDGno				
b. Predictors: (Constant), MDGno, IndAgri				
c. Predictors: (Constant), MDGno, IndAgri, MDGPovHun				
d. Predictors: (Constant), MDGno, IndAgri, MDGPovHun, SCsmall				

Table 31 Stepwise Regression General Business Model Characteristics & Scalability – Coefficients

The resulting R square and adjusted R square of the stepwise multiple regression are 0,533 and 0,504 respectively. The resulting adjusted R square represents an improvement as compared to the multiple regression which scored 0,438, whereas only four variables were deemed significant enough to predict business model scalability (see Table 31). The improved adjusted R square value indicates that with just four binary variables over 50% of the dataset's variability can be explained, meaning that these variables have the most predictive power. Furthermore, the ANOVA (Table 32) was significant for all the models to the greater than 99% level, indicating that the independent variables have an influence on the dependent variable, business model scalability.

ANOVA						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	26,980	1	26,980	18,807	,000[b]
	Residual	97,549	68	1,435		
	Total	124,529	69			
2	Regression	43,174	2	21,587	17,778	,000[c]
	Residual	81,354	67	1,214		
	Total	124,529	69			
3	Regression	59,539	3	19,846	20,155	,000[d]
	Residual	64,990	66	,985		
	Total	124,529	69			
4	Regression	66,331	4	16,583	18,521	,000[e]
	Residual	58,198	65	,895		
	Total	124,529	69			
a. Dependent Variable: Business model scalability						
b. Predictors: (Constant), MDGno						
c. Predictors: (Constant), MDGno, IndAgri						
d. Predictors: (Constant), MDGno, IndAgri, MDGPovHun						
e. Predictors: (Constant), MDGno, IndAgri, MDGPovHun, SCsmall						

Table 32 Stepwise Regression General Business Model Characteristics & Scalability – One-way ANOVA

The four variables included in the stepwise regression model are;

- ✓ if the case oriented toward no millennium development goal;
- ✓ if the case operates within the agricultural industry;
- ✓ if the case is oriented toward the reduction of poverty millennium development goal;

✓ and if the case's supply chain is aimed at small holder farmers.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5,861	,145		40,356	,000
	MDGno	-3,726	,859	-,465	-4,337	,000
2	(Constant)	5,546	,159		34,873	,000
	MDGno	-3,411	,795	-,426	-4,290	,000
	IndAgri	1,071	,293	,363	3,652	,001
3	(Constant)	6,147	,206		29,908	,000
	MDGno	-4,012	,731	-,501	-5,488	,000
	IndAgri	1,243	,267	,421	4,647	,000
	MDGPovHun	-1,030	,253	-,376	-4,077	,000
4	(Constant)	6,230	,198		31,419	,000
	MDGno	-4,095	,698	-,512	-5,869	,000
	IndAgri	2,031	,383	,688	5,298	,000
	MDGPovHun	-,922	,244	-,336	-3,775	,000
	SCsmall	-1,003	,364	-,363	-2,754	,008
a. Dependent Variable: Business model scalability						

Table 33 Stepwise Regression General Business Model Characteristics & Scalability – Coefficients

All the above mentioned binary variables are significant to the greater than 99% level (see Table 33). The categorical variable 'millennium development goal' is represented twice in the stepwise regression model by the two binary variables above. If a case is not oriented toward any millennium development goal its scalability is negatively impacted by -4,095, if it is oriented toward poverty and hunger it is negatively impacted by -0,922. If the case is aimed toward any other millennium development goal there is no influence on scalability. The categorical variable 'industry' is represented by the binary variable agriculture. If the case operates within any industry apart from agriculture there is no influence on its scalability, and otherwise its scalability is increased by 2,031 points. Finally, the supply chain orientation categorical variable is represented by the smallholder binary variable. The BOP orientation within the supply chain of a particular case has no impact on scalability, except when it is aimed toward smallholders; then its scalability is reduced by 1,003.

5 DISCUSSION

The following part discusses the findings from the sample of exemplary inclusive business initiatives, their interpretation and their meaning in the light of existing theoretical and practical claims.

5.1 The state of exemplary inclusive initiatives

Based on the results of the general characteristics, it was found that exemplary inclusive businesses are primarily located in Africa (45.7%), followed by Latin America (25,7%) and Asia (25,7%). Given that these continents have the highest global poverty headcounts (see Figure 13), the results were likely to be expected. In fact, merely one of the 70 initiatives was located outside these regions; in Eastern Europe. The fact that none of the cases were located in developed countries, even though (relative) poverty in such countries is still a reality, may indicate that the terms used to define inclusive business (BOP, social business, social entrepreneurship) are generally used to describe initiatives combatting on poverty in absolute terms rather than relative. Nevertheless, it can also imply that such initiatives have not gained much recognition in social contexts where relative poverty rather than absolute poverty is a problem.

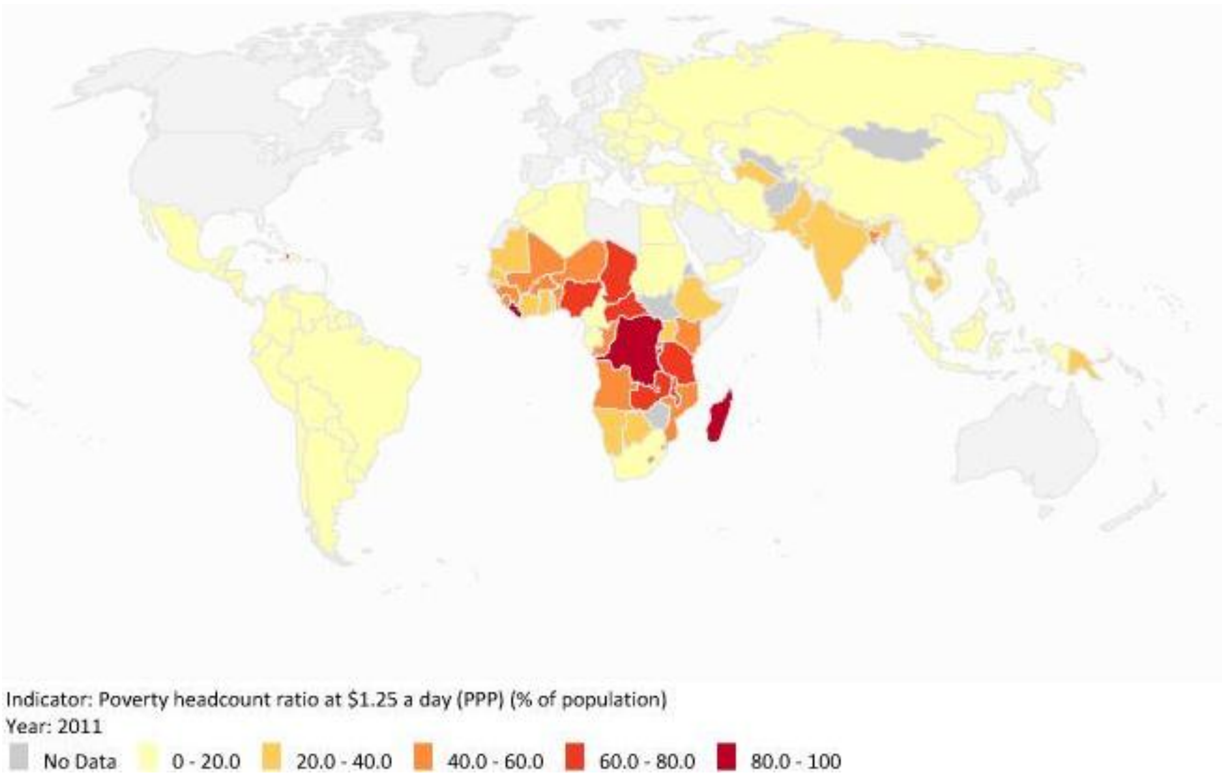


Figure 13 Poverty headcount ratio, at $1.25 a day (year 2011), source: http://povertydata.worldbank.org

The most common industries in which the exemplary cases operate are the agricultural (28.6%) and services industry (22.9%). Within these industries typical initiatives focus on offering agricultural services and products to smallholder farmers and fishers like enhancing inclusion within the value chain, offering financial and insurance products and providing such players with business and technical training and skills. With regards to the services industry initiatives typically include health care services, educational services and small scale business services.

With a majority of 61.4%, most of the initiatives focus on MDG 1, eradicating global poverty and hunger, followed by 20% on MDG 7, global environmental sustainability. When interpreting this finding the fact that the eradication of poverty and hunger (MDG 1) is the broadest development goal in terms of definition should be considered. It therefore includes many initiatives that focus on more general poverty related goals which are not specified by a single MDG. Furthermore, especially initiatives in the agricultural, services and financial services industries focused on MDG 1 as they for instance focus on the market inclusion of smallholders and financial inclusion of consumers.

The way the BOP is engaged can determine the effectiveness of an initiative in poverty alleviation due to the extent of skill building and knowledge transfer involved (Munir et al. 2010). Munir et al portray the different ways of integrating the BOP in the value chain can be regarded as grades on a scale of integration that represent the inclusiveness of an initiative. In their portrayal engaging the BOP as producers or suppliers (given a certain degree of skill building and knowledge transfer) will lead to greater inclusiveness of the initiative than merely engaging the BOP as “passive” consumers.

Form the research results the most common integration of the BOP target market within the value chain of these initiatives is as a consumer or end user focus, the approach is used by 50% of the initiatives. These initiatives predominantly include financial and insurance services and educational and health services. This is followed by 37.1% of the initiatives which focus on the BOP as smallholder suppliers within the value chain (small scale fishers, farmers or producers). The smallholder initiatives primarily focus on market access enhancing services and knowledge and skills training. The other 12.9% of the inclusive business initiatives focuses on the BOP as traders and intermediaries (7.1%), and employees within organizations (5.7%).

When looking at the origin of the initiatives and the lead agent initiating them, the results show that the majority of initiatives are initiated by the private sector (58.6%) and by local organizations (including local subsidiaries of multinational organizations) and entrepreneurs (52.9%). Approximately a quarter of the initiatives (25.7%) are initiated by parties deriving from multiple sectors. The ownership structure of the initiatives is most commonly set-up as an independent organization (42.9%) or as a partnership (34.3%).

Finally, in the literature the discussion included various scholars claiming that the characterization of an initiative being labeled as a CSR project or core business is important for determining the value of an initiative for the company. Often CSR initiatives are not taken as seriously and tend to be subordinated under other business interests. It thus indicates a more narrow approach to business as a development agent. On the contrary, when poverty alleviation is included in core business strategies it can be regarded as a broader approach. However, scholars generally agree that only when social and business goals are mutually reinforcing can an inclusive initiative become part of the firm's core business and day-to-day operations. Consequently the required commitment of the firm can be achieved for the initiative to be effective. This is also the foundation of the inclusive business concept. Interestingly this research pointed out that of the exemplary cases initiatives are for the most part characterized as a core business expansion (38.6%) or a startup (28.6%). Nevertheless, almost a quarter off the cases the initiative is labeled as a (CSR) project (24.3%). This to some part reflects the inconsistency concerning the definition of inclusive business.

5.2 Are Inclusive initiatives fulfilling their purpose?

Considering inclusive capitalism as the next evolution in the development paradigm, and an answer to some of the malfunctions of globalization, inclusive business evolved as a corporate strategy to enable this concept at the micro level. Despite the many rapid positive developments globalization has brought, it has also led to massive inequality as a majority of the world's population is left excluded. What is needed to enable these population groups to benefit as well, moderate the negative influences of rapid economic development and pull themselves out of poverty is increasing income and creating opportunities for income mobility (Prahalad, 2007).

Inclusive business aims to utilize the strengths of business activities to effectively embed population groups living in poverty into value chains and market structures as long term strategy for poverty alleviation (R. Hahn, 2012). However, influencing inclusive growth requires a more active approach from (inclusive) business in development and CSR activities (Van Tulder et al., 2011). The empirical research aimed to discover what the potential is for present exemplary inclusive business models to impact inclusive growth. Whereas the main research question stated: "do exemplary inclusive business models comprise the potential for inclusive scaling?"

The mission, impact, business case and stakeholder attributes of a business model together form key success factors dimensions for inclusive business to contribute to inclusive growth. Regarding scaling as part of an organizational development process of which reaching considerable growth depends on the success in earlier phases of this process, these business model attributes set the tone for the ideal business model with which to scale an inclusive initiative, and as a result were used for benchmarking. An initiative's performance on these attributes determines their scalability and thus the effectiveness of the business model to impact inclusive growth. The business models of the exemplary initiatives were scored according to these attributes, resulting in a high or low score for scalability.

The result from this research regarding the independent variable, scalability, revealed that the exemplary inclusive business initiatives attained a mean score of 5,765 for scalability with a relatively small standard deviation (1.343). Given a benchmark score of 10, which is the highest attainable score for scalability and factors in many of the key success factors discussed in the literature, in general these exemplary initiatives do not perform outstanding.

Within the extent of this study these results suggest that the exemplary business models do not meet the conditions for an inclusive initiative to contribute to inclusive growth very well. Consequently, the findings allow concluding that as the link between inclusive business and inclusive growth is not very strong in the case of exemplary inclusive business initiatives, their effectiveness to contribute to inclusive growth and thus fulfill the concept's purpose is limited.

By exploring the possible influence of any general business model characteristics, several significant variables were discovered which have an influence on an initiative's scalability. First of all, industry positively correlates with scalability, although only for the agricultural industry. Thus, if an initiative operates in the agricultural industry, its performance on scalability will likely be higher than when an initiative operates in any other industry. Additionally, the supply chain orientation with regards to the BOP also proved to be a significant determinant of an initiative's capacity to scale, yet only for the smallholder orientation. More precisely, when an initiative focuses on the BOP as a smallholder target group in their supply chain, the initiative's capacity to scale tends to decrease. As a final determinant the focus on type of MDG tends to influence the capacity to scale. This is the case when inclusive initiatives focus on no MDG at all, at which point their capacity to scale decreases substantially. When an initiative focuses on MDG 1 the capacity to scale also decreases although far less significantly. The suggested negative effect of focusing on MDG 1 may be associated with the lack of focus that is related to the first MDG in comparison with other MDGs.

The findings for scalability show that there is ample room for exemplary inclusive initiatives to increase their capacity to scale and contribute to inclusive growth. Although significant correlations were found between scalability and general business model characteristics, these characteristics provide minimal insight as to how inclusive business models can be enhanced in order to improve their capacity to scale.

Zooming in on the business model attributes from which the scalability score is derived provides some explanation as to what limits the contribution to inclusive growth. Looking at the mean scores for mission, impact, business case and stakeholder involvement, it is apparent that the highest mean is attributable to stakeholder involvement (6.619), whereas the lowest mean is that of impact (4.405). Thus whereas the average performance of exemplary inclusive initiatives regarding stakeholder involvement tends to increase the average scalability, the average performance regarding impact of their business models has the tendency to decrease the average scalability.

5.2.1 Strong stakeholder involvement

Stakeholder involvement can be considered an instrumental attribute of an inclusive business model. In this empirical research it mainly concerns the importance of partnerships within the initiative and includes the types of partnerships utilized, the issues involved and their relation to the core business. Furthermore, in order to achieve effective collaboration, stakeholder involvement partially considers ensuring that interests of stakeholders are considered and met.

Stakeholder involvement is regarded to be very important for inclusive business in order to overcome the many external challenges which the BOP market poses. Namely inadequate and missing formal institutions require initiatives to rely on informal mechanisms such as social capital (London, 2007; Reficco & Marquez, 2009; M. Rivera-Santos & Rufin, 2010; Miguel Rivera-Santos et al., 2012; Webb et al., 2010). Additionally, market failures in the competitive environment present challenges due to weak physical and informational infrastructures, lacking resources and market players, and undeveloped market demand (M. Rivera-Santos & Rufin, 2010). As these challenges significantly increase costs for operating companies must either develop capabilities that allow them to deal with them more efficiently, or seek collaboration with partners whom can fill the voids, offer complementary capabilities or social capital. Given the importance of relational advantages stakeholder involvement increases the business advantages in the BOP context.

Proactive stakeholder involvement in the form of partnerships can enable inclusive business to operate better in BOP markets and thus contributes to inclusive growth. The relatively high average score of exemplary initiatives on stakeholder involvement proves the awareness of the importance of stakeholders and can be interpreted as displaying high inclusiveness of the business models.

5.2.2 Limited development impact

On the contrary, Impact being an attribute that relates to the intrinsic properties of an initiative focuses on ensuring that development impact is achieved. Indicators that refer to impact include taking a broad approach, assessment of indirect effects and social outcomes, assessment of multiple dimensions of poverty and the presence of feedback mechanisms from beneficiaries.

Jenkins (2005), Warnholz (2007) and Van Tulder (2007) pointed out that a potential risk of inclusive business are the negative externalities that may occur when operating in BOP markets. For instance due to the creation of competitive advantage and monopolistic market structures business may crowd out small scale local entrepreneurs. In essence the negative effects may cancel out the positive effects of the operations. It is precisely this rationale that makes the assessment of social outcomes and negative effects so important for contributing to the impact of an initiative (Blowfield, 2005; Van Tulder, 2007; London, 2011).

In the literature several scholars contrasted narrow and broad strategies towards inclusive business (Blowfield, 2008; Van Tulder et al., 2011). Blowfield (2008) for instance stated that although business is attentive towards the poverty issue, their strategies remain narrow as they do not include what to be accountable for and to whom. Broad inclusive business strategies in contrast to narrow strategies go beyond market opportunities in assessing the net effects of operations (Van Tulder, 2007) and include poverty alleviation outcomes into their strategies and decisions (Blowfield, 2005).

The poor performance of exemplary inclusive initiatives on impact has an influence on the net effect of operation. As a result, when looking at the contribution to inclusive growth, a lack of impact might indicate an initiative is not reaching what it intends to with regards to the development impact. The relatively low average score can be interpreted as a lack of sophistication of the business model or simply a narrow approach. What the potential reason is for these initiatives to perform poorly cannot be derived from the data. Van Tulder (2007) provides a possible explanation in stating that initiatives may tend to take narrow strategies because the conceptualization of inclusive business is not yet well established. Consequently, classifying inclusive business can thus facilitate it in providing a partial solution to this unfavorable effect.

5.2.3 The business case for continuity

Besides the content analysis of the case studies a brief post analysis was conducted to check whether initiatives that were included in the sample currently still exist. The check displayed that 92,9% of the initiatives (65) have a positive outcome and currently are still operating. The results were also tested for a possible correlation with performance on scalability, mission, impact, business case and stakeholder involvement. From these tests a statistically significant result was found for the relation between a positive outcome and an initiative's performance on business case. This finding suggests that initiatives which currently still exist likely achieve a higher score for business case.

Inclusive business models are usually resources intensive models, as BOP markets need to be developed and require the provision of financial services, training of suppliers, distributors and retailers and educating customers. In order to overcome these burdens a strong business case is beneficial as it ensures social and economic objectives are mutually reinforcing and the initiative's profitability provides a greater potential for growth and continuity due to the greater financial safety it offers. Additionally relevance to the core business ensures company commitment and the inclusion of long term objectives and consideration of the added value up and down the supply chain can act as a catalyst in facilitating enhanced assessment of effectiveness and hereby improving resource allocation allowing the opportunity to evolve in development.

Interestingly, although the integration of social and economic objectives is a key characteristic of inclusive business, when comparing the various strategies that fall under the inclusive business umbrella, social entrepreneurship, social business and bottom of the pyramid, the most important distinction between these concepts is the importance and order of preference of social and economic objectives. In social entrepreneurship social objectives are preferred over economic objectives provided costs of operation (which do not include opportunity costs) can be recovered. The main reason for this is to ensure self-sustainability, scalability and a competitive edge over other non-profit approaches. Beyond the earning back of costs, social entrepreneurship perceives economic objectives mostly as a byproduct. On the contrary the BOP approach is limited to opportunities which promise acceptable financial results. Thus what represents an opportunity for social entrepreneurship does not necessarily represent an opportunity for BOP strategies. As a result, the indicators that comprise the business case variable provide more points to initiatives which go beyond mere financial independence to financial profitability as this provides a greater potential for growth and continuity due to the greater financial safety net it provides.

MicroPowerEconomy is a profit-oriented business: 'We developed this model and hope to see it become one of our main business segments. Our objective is to earn money in Senegal as an energy provider. The return rate for our investors is between 10 and 15%. What makes this possible is the economic development at village level that results from electrification.' Although return on venture capital investment is low, it is still almost twice that of many European electricity providers.

AT A GLANCE - Electricity for Senegal

- Programme to Promote Renewable Energies and Rural Electrification
- Commissioned by: German Federal Ministry for Economic Cooperation and Development (BMZ)
- Partner: Senegal Ministry of Energy
- Overall term: 2004 to 2016

The programme supports the Senegalese Government and local businesses with the rural electrification of 265 remote villages with a total population of 90,000. Electricity is generated primarily from solar energy with back-up provided by a diesel generator. For this the programme also receives funding from the Directorate-General for International Cooperation (DGIS) at the Dutch Ministry of Foreign Affairs. The only village communities given consideration as project partners are those that have shown themselves capable of self-organisation and that have at least one public institution such as a school or health center. Villages range in size from 100 to 700 inhabitants and are situated at considerable distance from the medium voltage grid.
The government grants Senegalese companies a concession under the terms of which they make a commitment to supply a village with electricity for a period of 15 years. Inreturn, they are permitted to levy a charge determined by the Senegalese regulatory authority. INENSUS West Africa was awarded the concession, built the micro wind-hybrid power plant in Sine Moussa Abdou as part of a development partnership with the German energy programme and put in place a micro power business model.
Another priority area of the programme is the sustainable supply of domestic fuel tocounter increasing deforestation. The programme also provides advisory services to the Senegalese Government on energy issues such as the feed-in tariff regulation for renewable energies.

Figure 14 Example Case – Village Electrification, (source: GIZ website, 2011)

5.3 Scaling strategies of exemplary inclusive initiatives

For inclusive business to really make a development impact and reach a large number of people, it important for initiatives to scale in order to achieve a certain degree of financial viability that will result in business continuation, and will attract interest and commitment from the private sector. Scaling initiatives on the one hand enables profitability, given the typical low margins in BOP markets, and on the other hand provides wider reach and greater impact, which would have an amplifying effect on the link between inclusive business and inclusive growth.

Nonetheless, scholars like Karamchandani et al. (2009) and Jenkins et al. (2011) seem to agree that scaling is a challenge and although it is achievable it normally takes a lot of time. In fact, Karamchandani et al. (2009) claim that for small organization without sizeable partners scaling might take at least ten years.

The average age of the exemplary initiatives in the sample is 6.21 years from their inception up to the date of case study publication. The literature discussed that the rate of scaling depends on amongst other aspects on business model maturity. Maturity affects factors such as involved risk, the need of funding and the probability of success. In less-mature models financial returns are expected to be less and achieving scale and commercial viability requires considerable investment. On the contrary however, social returns are expected to be higher in less-mature models which usually offer the lowest-cost in products and services for people living in poverty.

Various scholars have regard scaling as stage in the iterative development process of an inclusive initiative (e.g. Elkington, Hartigan, & Litovsky, 2010; London, 2011; London & Anupindi, 2011; Perrini et al., 2010; Van Sandt, Sud, & Marmé, 2010; Webb, Kistruck, Ireland, & Ketchen, 2010). At the time of case study publication most initiatives have reportedly reached the scaling phase (41.4%) although quite some case studies concern initiatives in their exploitation (32.9%) and design phase (24.3%) as well. The fact that merely one initiative in the sample seized to exist, while various claims in the literature are made about a high failure rate among inclusive business cases and in scaling, may be an indicator that the exemplary case studies in the sample are in fact not only exemplary, but also "best practice" case studies.

Looking at the overall majority of the exemplary inclusive business cases, regardless of their current phase of development and at a mean age of 6,21 years, 80% of the initiatives do display an intent to scale. The most common of these intended scaling strategies were the strategies that focus on using the same product or service, hence scaling wide (42.9%) and scaling up (25.7%). Interestingly, an ANOVA displayed a statistically significant difference between the groups of scaling strategies based on mean business model maturity (p. > .90). The initiatives that chose one of the two most popular strategies (scaling up and scaling wide) were on average younger (scaling wide at 5,20 years; scaling up at 4,11 years) than cases that chose scaling deep (at 12,40 years) or diversification (at 9,14 years). This difference could be explained by the different risk levels involved in the various scaling strategies.

Taking a more careful approach to growth could be a reason why scaling up and scaling wide are the most popular strategies as they are also the least risky strategies. Although both scaling wide and scaling up are strategies that focus on using similar products, scaling wide can be regarded a somewhat riskier strategy than scaling up. Scaling up involves increasing the market share or increasing the total volume of transactions and is the safest strategy as it allows leveraging the current resources and capabilities to the fullest. Scaling wide, on the contrary, involves additional geographical markets, distribution channels or customer segments requiring the entrance of new markets and therefore forces an organization to go through the development stages over again. However, provided that the geographical or distributional targets are in close proximity, scaling wide could still benefit from leveraging resources and thereby limit the need for restarting the development process.

In this perspective increasing the market share or increasing geographical or distributional spread can both be regarded as types of organic growth and hence a more instinctive and safer way of moving forward.

Regarding scaling deep and diversification as riskier strategies could provide a reason why initiatives which are more mature focus on these growth strategies. Scaling deep, focusing is on existing market segments while using new products or services, typically requires the development of new competencies, access to other resources, substantial research and development, and launching costs (Proctor, 1997). This strategy benefits from a strong position within the market in order to leverage current strengths. Assuming that building such a market position would require time, especially in BOP markets, provides a possible rationale for why the exemplary initiatives that choose this strategy are on average the most mature.

Diversification being the riskiest strategy of the bunch can also provide great benefits such as access to resources, distribution and creating a favorable competitive position and an overall greater control over the value chain (Proctor, 1997). This type of growth, requiring divergence of current products and markets simultaneously, does not allow leveraging of resources or capabilities. Presumably, a great deal of the organization's resources is needed in order to pursue such growth. The reason why exemplary initiatives focusing on this strategy are more mature could be because the initial business unit should be sufficiently well established so that resources can be focused appropriately.

5.4 The role of partnerships in scaling inclusive initiatives

Besides playing an important role in inclusive business in general, partnerships have also been regarded as an important part in reaching scale for these initiatives. Partnerships are especially relevant in scaling due to their networks and social connections allowing rapidly spread demand, but also to provide expertise, legitimacy and increased bargaining power which can help in gaining a competitive advantage. Perini et al. (2010) even go on to suggest that the transition from exploitation to scaling of an opportunity is intervened by the availability of networks in the context and leadership's ability to create networks. Perrot (2009) also referred to the importance of partnerships, but found that they are a necessary but not sufficient condition for scaling inclusive business initiatives. Whereas partnerships are necessary to gain required capabilities, operate and create value, these partnerships are not sufficient to create scalable business models.

This study also looked at the role of partnerships in the scaling strategies by determining whether the scaling strategies of the exemplary initiatives include scaling with partners or through partnerships. The result of the initial analysis found that slightly more than half of the exemplary cases (52,9%) embraces partnerships within their scaling strategy.

A further analysis was conducted in order to understand whether the choice of scaling with partners in anyway correlated with the performance on scalability. Interestingly this analysis provided several significant results. Where an initiative embraced partnerships in their scaling strategy, the initiative generally performed better in terms of scalability. The same turned out to be true for the choice of scaling with partners in relation to stakeholder involvement. This relation can be understood quite rationally. If an initiative is already performing well with regards to stakeholder involvement this indicates an initiative may be more sensitive to the need for partnerships and as a result be more likely to include this in their strategy formulation for scaling. Finally, a positive correlation was also found in the choice of scaling with partners in relation to the performance on business case and mission.

5.5 Scaling strategies and their scalability

Finally, the research also considered whether a specific type of scaling strategy is more or less likely based on their business model scalability.

The findings for this showed that scalability of the exemplary initiatives has a statistically significant positive correlation with scaling up and scaling wide in comparison with no scaling. This result suggests that initiatives with greater scalability are likely to prefer scaling up and scaling wide above no scaling. Based on the significant results from further analysis, it can be argued that the business model attributes which influence this correlation are the business case and impact.

Combining the general literature concerning inclusive business and the literature focusing on scaling provided indications as to what aspects of inclusive business models are most appropriate for which scaling strategies. Based on this expectation were made of how the business model attributes of mission, impact, business case, stakeholder involvement relate to the various scaling strategies (see Table 6). Reflecting back on these theory based expectations, although not all supportive, 3 out of the 16 suggested relations have resulted in significant findings.

The inclusiveness of the business case concerns ensuring a strong relation to the core business of the organization, mutually reinforcing social and business goals, financial independence and profitability. These are important factors which can ensure external support, a stronger financial position and firm commitment. As a result a stronger business case is considered a key ingredient for more risky scaling strategies (scaling deep, scaling wide and diversification).

Based on the results, it can be suggested that better performance regarding business case will increase the preference for an initiative to prefer scaling wide. This finding supports the earlier established premises. Furthermore, better performance regarding business case also increases the preference for an exemplary initiative to prefer scaling up. On the contrary however, although statistically significant, this finding does not support the suggested premise which implied that scaling up is a strategy preferred by initiatives with less inclusive business cases.

When impact is more sophisticated this implies that resources are invested in ensuring development objectives are met. This could lead to a high degree of support from the external environment, enhanced reputation and subsequently an enhanced competitive position. Given that scaling up or scaling deep are strategies that focus on growth within the same market and thus allow initiatives to leverage the current market position, it was expected that initiatives with highly sophisticated impact aspects would prefer to scale up or deep. Business models with less sophisticated impact will likely not be able to create a strong competitive position, which may lead these initiatives to prefer scaling wide or diversifying.

Regarding these expectation the findings from the research support the premise that business models with better performance on impact indeed tend to prefer scaling up. However, regarding the other strategies, a lack of significant results does not allow any conclusions to be made.

5.6 Policy Implications

The findings from this research provide some suggestions for policymakers and donors whom are looking to stimulate or invest in inclusive business initiatives. Although the research does not allow full identification of the scaling potential of inclusive business initiatives, it does provide some important characteristics of the business model that are likely to increase this potential on the basis of exemplary initiatives.

The research found that the effectiveness of an initiative to contribute to inclusive growth as defined by scalability, is likely to be higher in initiatives that operate in the agricultural industry and initiatives that focus on involving the BOP using a supplier orientation, thus as smallholder farmers, small scale fisherman or producers. Furthermore, because effectiveness of exemplary initiatives is lower when initiatives do not focus on MGD 1 (eradicating poverty and hunger) or no MDG at all, initiatives that focus on any of the other MDGs would be more effective. The best initiatives to select with regards to their effectiveness of contributing to inclusive growth are supplier-oriented initiatives in the agricultural industry which focus on MDG 2 to 8.

Finally, donors and policymakers are also recommended to carefully consider the business case of inclusive initiatives. The findings pointed out that business case has a significant positive correlation with positive continuity of initiatives, in that they currently still exist. The indicators that facilitate in reviewing initiatives on this aspect include mutually reinforcing social and economic objectives, profitability, long term objectives and relevance to the core business.

5.7 Research Limitations

The main limitations for this study relates to the sample and the measurement procedure used.

First of all it should be mentioned that the findings of this study cannot be generalized to the wider population of inclusive business initiatives because the scope is limited to exemplary case studies. The case studies originated from various organizations and institutions which often present studies to which they contributed through knowledge, expertise, funding or other resources. As these cases most likely benefited in some way the study is only generalizable to exemplary case studies. Furthermore, the case survey method relies on data extraction and analysis of secondary sources for which data biases cannot be controlled for. Additionally, it is also important to consider the probability of more exemplary or successful case studies to be studied more elaborately and/or translated in English.

Although the final sample provided a good overview of different types of initiatives which offer various solutions to poverty using business methods, during data extraction and analysis it became more clear that many of the cases included in the sample do not match the (more recent and narrow) definition of inclusive business. The literature review already discussed that due to the infancy of the theoretical domain, inclusive business is often used to connote different concepts (BOP, social business, social entrepreneurship). The problem this posed to the interpretation of the findings is that although these cases (which are based on the broader realm of the definition which includes less stringent conditions) do not meet the conditions outlined by the more focused definitions of inclusive business, they are measured along them, particularly for the variable scalability. As a result, face validity is limited as what is measured does not rightfully allow conclusions concerning initiatives under the more recent definition of inclusive business. The scalability variable applies stringent conditions to the sample in order to achieve a relatively high score. The results therefore display the current state of the initiatives (using a broad inclusive business definition) versus the more recent and focused expectations.

As a final note concerning sample limitations, it should be mentioned that the number of case studies included in the final sample is generally too small to be considered a representative distribution reflecting the real population to which it is generalized. Consequently, the results displayed limited significant findings. As it was difficult finding a trend or meaningful relationships, the results were sometimes tested on a 90% significance level. However, due to the fact that this was an exploratory study the results can be regarded as possible trends for further research that possibly would allow valid statistical testing by using a larger sample size and further refining the research question.

Regarding measurement procedures the main limitation is the lack of reliability due to a single coder analysis. As mentioned previously, although inter-rater reliability is a key requirement for a valuable content analysis study, a single coder was used due to a lack of resources. As a result, several steps were taken to balance to enhance reliability including using a binary measurement scale and preparing the data for a potential second coder. This last procedure was done by annotating the 70 case studies allowing easy navigations of where in the cases data was extracted from. Furthermore the raw data extracted from the case studies (before data conversion) was kept to provide comparison of the initial analysis and included in the appendix (Appendix 8 & Appendix 9).

6 CONCLUSION

Looking more closely at poverty as the result of the exclusion of certain population groups from economic development and the capitalist system, scholars (e.g. Prahalad & Hart, 2002; Hart, 2005) have called for the introduction of inclusive capitalism or inclusive growth and propose business strategies that intend to facilitate this. Inclusive business intends to effectively include neglected population groups in economic development and thereby alleviate poverty through the participation of business in development efforts. These inclusive business models which initially started with the introduction of bottom of the pyramid strategies have triggered much interest and discussion and over time are being refined and developed by both scholars and practitioners. Nevertheless, what truly constitutes inclusive business is still a topic of discussion.

For inclusive business to really make a development impact and meet the needs of four billion people living in poverty, a significant increase is needed in the number of commercially sustainable initiatives operating at scale (Marquez et al. 2010; Jenkins & Ishikawa, 2010; Hammond, 2011). Scaling is important to increase reach and therefore the impact of the development efforts (Prahalad, 2005). Moreover, it is especially important to scale in order to achieve a degree of financial viability that will result in business continuation, and will attract interest and commitment from the private sector. Scaling initiatives thus not only enables profitability, given the typical low margins in BOP markets, but due to the wider reach and greater impact, would have an amplifying effect on poverty reduction.

Recently market led initiatives to fight poverty have become quite popular (Karamchandani et al., 2009). A growing number of inclusive initiatives are appearing which aim to include the BOP throughout various phases of the value chain. Although several successful initiatives have been identified and are frequently used as best case practices in literature and grey papers, many scholars now claim that the majority of the initiatives have resulted in limited success as they remain small, do not generate profits or sometimes do not succeed at all. Given the significance for these initiatives to operate at a sufficiently large scale, it is important to understand what limits inclusive business from achieving this. Given these insights this study aimed at exploring the scaling of inclusive initiatives and their effectiveness to contribute to inclusive growth.

The empirical part of this research, amongst other things, analyzed whether exemplary inclusive initiatives display the intent to scale and found that the overall majority (80%) do. And the most preferred way of scaling is by focusing on the same product or service by scaling wide or scaling up. Increasing the market share or increasing geographical or distributional spread can both be regarded as strategies that allow leveraging current resources and thereby provide a more instinctive and safer way of moving forward through organic growth. Hence, although most initiatives prefer to choose a less risky growth path, the limited achievement of inclusive initiatives to reach significant scale cannot be attributed to a lack of will.

A review of the literature discusses some of the challenge typically faced by inclusive business. The market at the BOP has distinct features and is mostly characterized by significant institutional, informational and infrastructural voids (UNDP, 2008; Karamchandani, 2009; Jenkins & Ishikawa, 2010; Gradl & Jenkins, 2011; Hammond, 2011). The most commonly stated barriers which may limit the potential to scale stem from the operating environment and include a lack of market information, ineffective regulation, inadequate infrastructure and limited knowledge, lacking skills and access to finance among the BOP. Other barriers include unrealistic expectations on time to reach scale, lack of access to adequate financing, difficulty of business model adaptation, a lack of appropriate partners in new markets and a lack of internal buy-in within the firm (Jenkins &

Ishikawa, 2010). However, in order to sufficiently prepare for these challenges and overcome them the literature provides a wide variety of recommendations. Hence, the question remains why scholars have such a bleak picture regarding the performance of inclusive initiatives.

Various scholars regard scaling as a stage in the iterative development process of an inclusive initiative (e.g. Elkington, Hartigan, & Litovsky, 2010; London, 2011; London & Anupindi, 2011; Perrini et al., 2010; Van Sandt, Sud, & Marmé, 2010; Webb, Kistruck, Ireland, & Ketchen, 2010). Furthermore, London (2011) claims scaling is dependent on the success in previous stages of the development process. Subsequently the question rises whether the lack of scaling can be attributed to a lack of success in earlier phases of the development? How are initiatives performing in general, regardless of which phase of the development process they are in?

The empirical research looked into the performance of inclusive initiatives with regards to scalability which essentially links inclusive business to inclusive growth. The findings suggested that in the case of exemplary inclusive initiatives this link is not well established. Thus the effectiveness of exemplary initiatives to contribute to inclusive growth is not very strong and in essence leaves room for improvement. This improvement can especially be found in the business model aspects relating to impact. The literature review also pointed out the limited regard for impact and its measurement, and discussed the contrast between narrow and broad approaches. The corresponding findings from the empirical study means that there is room for inclusive initiatives to improve the way in which they include social outcomes into their measurement mechanisms, the way they use beneficiary feedback and the depth in which they analyze the direct and indirect effects that are caused by their operations.

With regards to stakeholder involvement the exemplary initiatives are performing quite well entailing they have high concern for partnerships. Furthermore a little more than half of the initiatives included partnerships in their scaling strategies which have been considered a key aspect for scaling in the reviewed literature.

Finally, taking in consideration that publication of the exemplary case studies for most initiatives was several years ago, a check was done to see how the initiatives are currently doing. Interestingly almost all initiatives were found to be still operating unlike some of the claims in the literature review. A further analysis showed that initiatives which currently still operate likely have a higher score for business case. Highlighting the importance of ensuring social and economic objectives are mutually reinforcing, that initiative is financially viable and utilizes long term objectives.

Overall this study provides insight into the current state of inclusive businesses and the challenge of scaling. It can be said that inclusive initiatives potentially are a significant measure against poverty. However, to have any real impact the initiative must scale. Scaling isn't an easy task and therefore many initiatives may not thrive, yet to have any chance at succeeding it seems the initiative must be commercially viable.

7 LIST OF TABLES

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10 APPENDICES

10.1 Structured Literature Search – Inclusive Business

Inclusive Business, BOP & related business models																
Refining words (in all text)	AND (poverty OR poor)		AND (poverty OR poor) AND (partner* OR cooperat* OR collaborat*)		AND (poverty OR poor) AND (scal* OR grow*)		AND (poverty OR poor) AND (partner* OR cooperat* OR collaborat*) AND (scal* OR grow*)		AND (poverty OR poor)		AND (poverty OR poor) AND (partner* OR cooperat* OR collaborat*)		AND (poverty OR poor) AND (scal* OR grow*)		AND (poverty OR poor) AND (partner* OR cooperat* OR collaborat*) AND (scal* OR grow*)	
Database	EBSCO								SciVerse (ScienceDirect, Scopus, Sage, Springer, Wiley-Blackwell) (journal and conference/ social science, economics, business)							
Search field	All text	Abstract	All tekst	Abstract	All text	Abstract	All text	Abstract	All text	Abstract	All text	Abstract	All text	Abstract	All text	Abstract
“inclusive business”	4	0	4	0	4	0	4	0	3783	46	2551	26	3485	21	2425	15
“bottom of the pyramid”	192	20	160	13	174	12	150	10	455	50	421	21	506	25	376	16
“base of the pyramid”	77	12	64	7	68	8	60	7	682	39	421	18	611	26	469	15
"pro-poor" AND (strateg* OR model)	667	25	478	12	651	20	467	12	1564	149	812	16	1381	105	473	26
“business linkages”	359	16	286	11	346	15	280	11	6804	90	4753	49	6468	68	4587	43
“opportunities for the majority”	637	23	416	14	594	21	637	13	21041	151	13806	51	19510	77	12920	35
“full economic citizenship”	6	0	2	0	6	0	2	0	2597	14	1842	4	2406	7	1744	4
“corporate social responsibility” AND (poverty OR poor)	1295	22	1011	11	1084	14	949	11	7398	73	5480	29	6710	35	5161	18
“social entrepreneur*” AND (poverty OR poor)	969	7	783	4	938	6	767	2	10666	151	7066	40	9635	66	6740	29
“social business” AND (poverty OR poor)	3554	15	2675	7	3294	9	2535	6	24761	195	14078	60	21859	100	13075	45
“social ventur*” AND (poverty OR poor)	259	2	223	2	255	2	220	2	5971	37	4541	11	6633	20	4368	7
Total initially selected	**87**	**130**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**995**	**0**	**0**	**0**	**0**	**0**	**0**
1995 -2012 / peer reviewed (scholarly journals) / Full text & refference available																

Appendix 1 Structured Literature Search – Inclusive Business

10.2 Structured Literature Search - Scaling

Scaling						
Refining words (in all text)	AND (poverty OR poor)		AND "social OR Impact"		AND (poverty OR poor) AND (social OR imapct)	
Database	EBSCO (business source premier, econlit, ebook collection)					
Search field	All text	Abstract	All text	Abstract	All text	Abstract
“scaling”	5515	25	10968	167	4431	14
“social scaling”	122	0	377	12	122	0
“impact scaling”	67	1	139	11	67	1
“economies of scale”	10276	37	20856	286	9621	10
(business AND expan*)	44797	50	96737	429	41258	14
“business development”	8886	59	19873	427	8271	25
“business planning”	3937	11	11352	128	3461	4
Total initially selected	**189**	**182**	**139**	**1020**	**67**	**67**
1995 -2012 / peer reviewed (scholarly journals) / Full text & refference available						

Appendix 2 Structured Literature Search - Scaling

10.3 Scalability vs. Mission, Impact, Business Case & Stakeholders

			Relation to scaling in general	Relevance to Scalability (Klein, 2008)		
				scaling quickly	scaling efficiently	scaling effectively
inclusive business	Mission	relation to poverty BOP target group Involvement of BOP	relevant for scaling in order to ensure that development objectives are clear and to set a guiding course of action	Low - the attributes of mission will not have a strong effect on the rate of scaling.	High - scaling efficiently requires good relation with the external environment. A highly sophisticated mission can create a degree of trust.	High - especially relevant for scaling effectively in order to ensure that development objectives are not compromised when scaling
inclusive business	Impact	assessment of indirect effects assessment of social outcomes assessment of various poverty dimensions presence of feedback mechanisms	relevant for scaling in order to ensure that the direct and indirect effects and development objectives are measured and accounted for by the initiative. If executed correctly this may stimulate support from the external environment, like NGOs and community organizations, as they will also benefit from the initiatives outcomes.	Low - the attributes relating to the measurement and metrics of direct and indirect effects will not have an effect on the rate of scaling.	High - the attributes relating to the measurement and metrics of the direct and indirect effects will have an effect on the reaction from stakeholders whom make operations more or less difficult depending on whether they feel the initiative also delivers in social outcomes. Measurement of impact and accounting for indirect effects may play a role in this judgment.	High, especially relevant for scaling effectively in order to ensure that the development objectives are not compromised when scaling.
inclusive business	Business Case	link to core business mutually reinforcing social and economic goals profitability / financial independence	relevant for scaling as it ensures sufficient financial independence and resources which removes barriers caused by lack of financing. Furthermore a strong business case based on mutual reinforcing social and economic objectives ensures support from the external environment and may provide access to resources and networks.	High - scaling quickly requires sufficient financial resources and independence. Therefore, a strong business case, with clear economic objectives is key.	High - scaling efficiently resembles an easy and natural form of growth. To achieve this good relations with the external environment are required for which mutually enforcing economic and social objectives are extremely valuable.	Low - scaling effectively, thus without compromising (on development objectives) does not necessarily requires economic objectives, but focuses more on the development objectives
inclusive business	Stakeholder involvement	Partner linkages & network type of partnership issues involved relation to the core business (development)	relevant for scaling effectively in order to attain access, to resources, knowledge, networks, platforms and for leveraging social capital. Stakeholders can also fulfill complementary functions that facilitate in filling institutional voids.	High - scaling quickly requires an initiative to attain the necessary capabilities and resources externally in order to overcome market barriers instead of developing such capabilities itself, which would take time. Partnerships are the main way to attain such resources and thus can significantly speed up scaling.	High - scaling efficiently requires an initiative to attain necessary capabilities and resources from externally in order to overcome market barriers instead of developing such capabilities itself, which would be costly and take a lot of effort. Partnerships are the main way to attain such resources and can decrease the cost and effort needed for scaling.	High - scaling effectively can direct the focus towards social objectives requiring an initiative to attain necessary resources, such as financing, externally in order to overcome barriers to scaling. Partnerships with donors and governments are the main ways to attain such resources and are important. NGO input is important to attain an understanding of local needs and ensure local acceptance.

Appendix 3 Scalability vs. Mission, Impact, Business Case & Stakeholders

10.4 Coding Scheme

Variable			Classification	Indicators	Code	Scores
Independent - business model scalability	Sophistication	Mission (total score indicators/8)	Addresses a millennium development goal?	Does the initiative address one of the millennium development goals?	MD	yes (1), no (0)
			Business relation to poverty (3)	Is business specified as a cause to poverty?	Pc	yes (1), no (0)
				Is business specified as a victim to poverty?	Pv	yes (1), no (0)
				Is business specified as a solution to poverty?	Ps	yes (1), no (0)
			BOP target group (4)	Is the target group specified by income level?	Ti	yes (1), no (0)
				Is the target group specified by poverty dimension?	Tp	yes (1), no (0)
				Is the method of BOP involvement specified?	Inv	yes (1), no (0)
				Is there an emphasis on capacity building and knowledge transfer for the BOP?	CK	yes (1), no (0)
		Impact (total score indicators/6)	Consideration of indirect effects (2)	Are indirect effects considered?	Ei	yes (1), no (0)
				Are negative effects considered?	En	yes (1), no (0)
			Inclusive assessment (4)	Are indirect effects assessed and/or specified in results?	Aie	yes (1), no (0)
				Are social outcomes assessed and/or specified in results?	As	yes (1), no (0)
				Are other poverty dimensions assessed and/or specified in results?	Ap	yes (1), no (0)
			Beneficiary feedback (1)	Is the presence of a beneficiary feedback mechanism specified?	F	yes (1), no (0)
	Inclusiveness	Business Case (total score indicators /10)	Core business relevance (2)	Relevance to core business/competencies of initiating organization?	R	yes (1), no (0)
			Mutually reinforcing social and economic goals (1)	Are social and economic objectives mutually dependent?	ME	yes (1), no (0)
			Profitability / financial independence (2)	Does the initiative aim to become financially independent?	Fi	yes (1), no (0)
				Does the initiative aim to become profitable?	Fp	yes (1), no (0)
			Business sustainability (5)	Is added value to players up the supply chain considered?	SCu	yes (1), no (0)
				Is added value to players down the supply chain considered?	SCd	yes (1), no (0)
				Are long term goals established for 3-5 years?	L1	yes (1), no (0)
				Are long term goals established for 5-10 years?	L2	yes (1), no (0)
				Are long term goals established 10-15 years?	L3	yes (1), no (0)
		Stakeholder involvement (partnerships) (total score indicators/12)	Type of partners (7)	Partnership with government?	Pg	yes (1), no (0)
				Partnership with INGO?	Pin	yes (1), no (0)
				Partnership with local NGO?	Pn	yes (1), no (0)
				Partnership with local communities?	Pc	yes (1), no (0)
				Partnership with international institutions?	Pio	yes (1), no (0)
				Partnership with research organizations?	Pr	yes (1), no (0)
				Partnership with firms?	Pf	yes (1), no (0)

			Objective of partnership in terms of type of value (4)	Partnerships aimed at associational value?	Va	yes (1), no (0)
				Partnerships aimed at transferred resource value?	Vr	yes (1), no (0)
				Partnerships aimed at interaction value?	Vi	yes (1), no (0)
				Partnerships aimed at synergistic value?	Vs	yes (1), no (0)
			Strategic value of partnership (1)	Partnerships important to the initiative's core operations/main goals?	I	yes (1), no (0)
Explanatory	General Business Model Characteristics		Sectorial origin	Sector of initiating organization?	S	1 = private 2 = nonprofit/NGO 3 = government 4 = community 5 = multi-sector
			Ownership structure	Ownership structure of initiating organization?	Ow	1 = independent organization 2 = subsidiary 3 = business unit 4 = partnership 5 = joint venture 6 = unspecified
			Origin	Origin of initiating organization?	Or	1 = local 2 = foreign 3 = local & foreign
			Character of initiative	Character of initiative with regards to ownership? (framing)	C	1 = spin-off 2 = core business expansion 3 = (CSR) project 4 = start-up
			Supply chain orientation	BOP orientation within the value chain?	SCO	1 = consumers 2 = intermediaries & other intermediaries 3 = smallholders (small scale fishers, farmers & producers) 4 = employees
			Development phase	Phase of the initiative?	Ph	1 = design / pilot 2 = exploitation 3 = scaling 4 = embedding 5 = seized
			Business model maturity	How many years since the initiative's inception?	Ma	#
			Region	In which continent is the initiative taking place?	Re	1 = Latin America 2 = North America 3 = Africa 4 = Europe 5 = Asia 6 = Australia

			MDG	Which millennium development goal does the initiative aim at?	MDG	1 = End poverty & hunger 2 = universal education 3 = gender equality 4 = child health 5 = maternal health 6 = combat HIV/AIDS 7 = environm. sustainability 8 = global partnership 9 = unspecified
			Industry	In what industry is the initiative taking place? (SIC)	IN	1 = Agriculture, Forestry & Fishing 2 = Mining 3 = Construction 4 = Manufacturing 5 = Transportation, Communications, Electric, Gas & Sanitary Services 6 = Wholesale Trade 7 = Retail Trade 8 = Finance, Insurance & Real Estate 9 = Services 10 = Public Administration
Case	Characteristics		Source	What type of source was the case derived from?	Sou	International institution, Nonprofit, Research agency, Theory, Development Agency, Other
			Publishing year	When was the case published?	Pub	#
			Information extensiveness	Of how many pages did the case consist?	FC	#

Appendix 4 Coding Scheme

10.5 Case Study Data

ID#	Initiative	Case Title	Author	Source	Location	Pub. Year	Pages
1	MPESA	Vodafone: Expanding Access to Financial Services	BCtA	BCtA	BCtA website	2010	2
2	Cameroon Sorghum Project	Diageo: Enabling Supply Chain Linkages in Cameroon	BCtA	BCtA	BCtA website	2010	10
3	LifeSpring Hospitals	LifeSpring Hospitals: Providing Affordable, Quality Health Care	BCtA	BCtA	BCtA website	2010	5
4	SME Training Programme	Standard Chartered: Enhancing Competiveness of Small Businesses	BCtA	BCtA	BCtA website	2010	18
5	Sproxil	Sproxil: Combating Counterfeit Drugs with Mobile Phones	BCtA	BCtA	BCtA website	2012	3
6	Honey Care Africa	Honey Care Africa Limited, Kenya: Fighting Poverty with Honey	United Nations Department of Economic and Social Affairs (Division for Sustainable Development)	SEED Initiative	Innovation for Sustainable Development, Local Case Studies from Africa (report)	2008	4
7	Microcare	Microcare, Uganda: Financing Health through Communities	United Nations Department of Economic and Social Affairs (Division for Sustainable Development)	SEED Initiative	Innovation for Sustainable Development, Local Case Studies from Africa (report)	2008	10
8	Blue Ventures Community-based Marine Reserves	Partnership for Community-Run Marine Protected Areas in Madagascar	Heed E. & Steets J.	SEED Initiative	Seed Initiative website	2006	2
9	Cows to Kilowatts Partnership	Cows to Kilowatts	Heed E.	SEED Initiative	Seed Initiative website & Innovation for Sustainable Development, Local Case Studies from Africa (report)	2006	2
10	Lufumbu Village Water Project	Lufumbu Village Water Project , Tanzania: Offsetting Shortage in Water Infrastructure	United Nations Department of Economic and Social Affairs (Division for Sustainable Development)	SEED Initiative	Seed Initiative website	2008	2
11	Oto Finance	PT Summit Oto Finance, indonesia	IFC	IFC	IFC website	2011	4
12	Uniminuto	Uniminuto, Colombia	IFC	IFC	IFC website	2011	6
13	Bakhresa Grain Milling Malawi	Bakhresa Grain Milling Malawi	IFC	IFC	IFC website	2011	4
14	VINTE Viviendas Integrales	VINTE, Mexico	IFC	IFC	IFC website	2011	4
15	Tribanco	Tribanco, Brazil	IFC	IFC	IFC website	2011	4
16	Bajaj Allianz	Allianz: Reducing the risks of the poor	WBCSD	WBCSD	WBCSD website	2009	4

		through microinsurance					
17	Grundfos LIFELINK	Grundfos LIFELINK – Sustainable & transparent drinking water solutions for the developing world	WBCSD	WBCSD	WBCSD website	2011	10
18	Ahafo Mine	Newmont Supporting local economic growth in Ghana	WBCSD	WBCSD	WBCSD website	2009	7
19	Community Cleaning Services	SC Johnson & Community Cleaning Services: Delivering Sustainable Opportunities, Incomes and Improved Hygiene in Kenya	WBCSD	WBCSD	WBCSD website	2012	3
20	Ouro Verde	Michelin Sustainable rubber sourcing	WBCSD	WBCSD	WBCSD website	2008	7
21	Udyogini	Udyogini, India	IFAD	Seas of Change	Seas of Change website	2012	2
22	Huong Hoa Cassava Starch Factory	Cassava in North-Central Vietnam: Improving Smallholder Incomes through inclusive business	SNV	Seas of Change	Seas of Change website	2012	8
23	Jumla Apples	From Saplings to Satisfaction: apples in Nepal	SNV	Seas of Change	Seas of Change website	2012	21
24	South-Sudan Local Cassava Initiative	South-Sudan Local Cassava Initiative	SABMiller	Seas of Change	Seas of Change website	2012	5
25	APEOSAE	Coffee in Ecuador. Pathways towards sustainability: Farmer Organisations in the driver's seat	VECO/Vredeseilanden	Seas of Change	Seas of Change website	2012	5
26	Drishtee	Drishtee: using ICT to provide key web-based services and distribute FMCGs in rural India	Carvalho A., Klarsfeld L. & Lepicard F.	Hystra	Hystra report: Leveraging Information and Communication Technology for the Base Of the Pyramid	2011	6
27	HealthLine	HealthLine: Bringing medical services on the phone to Bangladesh	Carvalho A., Klarsfeld L. & Lepicard F.	Hystra	Hystra report: Leveraging Information and Communication Technology for the Base Of the Pyramid	2011	6
28	Community Knowledge Workers	Community Knowledge Workers: improving information flows & knowledge dissemination in Uganda	Carvalho A., Klarsfeld L. & Lepicard F.	Hystra	Hystra report: Leveraging Information and Communication Technology for the Base Of the Pyramid	2011	8
29	WATASOL	Tinkisso/ Antenna - Wata sol	de Bazignan C., Bergamin J. & Camara A.	Hystra	Hystra report: Access to safe water	2011	11

30	Manila Water Comany	Manila Water	Ablaza G. & Guerrero L.M.	Hystra	Hystra report: Access to safe water	2011	12
31	Project Novella	Unilever - Project Novella	IBLF	International Business Leaders Forum (IBLF)	IBLF website	-	40
32	InterContinental Hotels Group Academy China	Intercontinental Hotels Group Academy China	IBLF	International Business Leaders Forum (IBLF)	IBLF report - Inclusive Business Source Book	2010	9
33	Alam Simsim	Alam Simsim, Communication program on early learning and girls' empowerment	Dunlop I.	International Business Leaders Forum (IBLF)	IBLF Report - Business and Youth in the Arab World	2006	6
34	SEKEM	Sekem, Skills upgrading, education and job creation for small farmers	Dunlop I.	International Business Leaders Forum (IBLF)	IBLF Report - Business and Youth in the Arab World	2006	2
35	Rozgar Duniya	Rozgar Duniya, India	IBLF	International Business Leaders Forum (IBLF)	IBLF report - Inclusive Business Source Book	2010	13
36	Kilimo Salama	Insurance for Inputs: Kilimo Salama, Kenya	Gradl C., Krämer A. & Winkler J.	GIZ	GIZ ibf website	2011	3
37	Wealth of the Oceans	Wealth of the Oceans: Blue Ventures, Madagascar	Gradl C., Krämer A. & Winkler J.	GIZ	GIZ ibf website	2011	36
38	Jain Irrigation	Drops Against Drought: Jain Irrigation, India	Gradl C., Krämer A. & Winkler J. (1) + WEF & BCG (2)	GIZ (1) + WEF (2)	GIZ ibf website + WEF website (2)	2011	4
39	Green Elephant	From Organic Waste to Clean Gas: Green Elephant, India	Fromme J. & Evennou C.	GIZ	GIZ ibf website	2011	7
40	Village Electrification	Village Electrification with Biomass: Novis GmbH, Senegal	Fromme J. & Evennou C.	GIZ	GIZ ibf website	2011	6
41	Casa del Bienestar	"Well-being at Home": Nestlé, Peru	Rebolledo R.	Inclusive Business Alliance	Inclusive business alliance website	2011	15
42	Feria a la Inversa	Reverse Trade Fair, Bolivia: a platform for economic inclusion	Garrett J.	Inclusive Business Alliance	Inclusive business alliance website	2011	15
43	Gas Natural Fenosa - Social Energy initiative	Providing natural gas to low-income neighborhoods: Gas Natural BAN S.A., Argentina		Inclusive Business Alliance	Inclusive business alliance website	2011	18
44	Brilla	Access to fnance through a gas distribution service: Promigas, Colombia	Rodriguez M.	Inclusive Business Alliance	Inclusive business alliance website	2011	3
45	PROCASO	Mercon Coffe Group: certified coffee to generate profits for small and large stakeholders	Martinez J. & Torres G.	Inclusive Business Alliance	Inclusive business alliance website	2011	3
46	Águas do Amazonas (Water for All)	Suez: Bringing water and development to the poor in Manaus, Brazil	Oettingen M.	CODESPA	ICEP & CODESPA report: Business & Poverty, Innovative Strategies for Global CSR	2008	2

47	Commercio Solidario	Carrefour: How to contribute to inclusive supply chains	Oettingen M.	CODESPA	ICEP & CODESPA report: Business & Poverty, Innovative Strategies for Global CSR	2008	15
48	LifeClubs	Kjaer A/S: From inside the company out	Kainz K.	CODESPA	ICEP & CODESPA report: Business & Poverty, Innovative Strategies for Global CSR	2008	8
49	TB Drug Accelerator (TBDA	AstraZeneca: Commitment to f ghting tuberculosis	Oettingen M.	CODESPA	ICEP & CODESPA report: Business & Poverty, Innovative Strategies for Global CSR	2008	3
50	Microseguros Adopem	Social Innovation in Microfinance	CODESPA	CODESPA	CODESPA website	2010	7
51	West Gonja Health Insurance Scheme	West Gonja Health Insurance Scheme: Enrolling the poor in health insurance through in-kind payment	Pul C. & van der Wal W.	SNV	SNV website	2008	15
52	Mulondolwa Jatropha industry	Transforming oil to soap: the case of Mulondolwa Jatropha industry, Zambia.	Muswala K. and Mbago S.	SNV	SNV website	2009	14
53	Sesame Marketing Project	Unlocking sesame farmer's potential for fair trade in Tanzania	Schulz A. & Mbuvi J.	SNV	SNV website	2010	4
54	Green Energy Vietnam	Vietnamese Smallholders and Green Energy Vietnam	Hadden J. & Janssen N.	SNV	SNV website	2009	21
55	BioSynergy	BioSynergy: Access to renewable energy and inclusive business in the Peruvian Amazon	Veen M., Pezo A. & Velásquez J.	SNV	SNV website	2010	4
56	Child & Family Wellness Shop	Gadim Guba: Women Weave Carpets, Expand their Independence and Help the Environment	Trummer J. & Kraemer A.	SNV	Growing Inclusive Markets website	2010	2
57	Gadim Guba	Child & Family Wellness Shops: A Model of Sustainable Health Care for the Most Vulnerable	Karugu W.	UNDP	Growing Inclusive Markets website	2007	2
58	Temerin Telecottage	Temerin Telecottage	Trummer J. & Kraemer A.	UNDP	Growing Inclusive Markets website	2007	8
59	Kheir Zaman	Kheir Zaman: A New Player in Food Retail	Youssef S. & SadreGhazi S.	UNDP	Growing Inclusive Markets website	2011	2
60	Mt. Plaisir Estate Hotel	Mt. Plaisir Estate Hotel: A Catalyst for Development in Grand Riviere	Richards M.	UNDP	Growing Inclusive Markets website	2007	2
61	Affordable-Housing Development	RMB & Nedbank: Developing new financial products for low income housing in South Africa	Baddache F.	UNDP	Growing Inclusive Markets website	2007	6
62	Natura	Case Study: Natura	WEF	World Economic Forum (WEF)	WEF report: Redefining the Future of Growth: The New	2011	17

					Sustainability Champions In collaboration		
63	Micro Power Economy for Rural Electrification	Electricity for Senegal	Rezepka G.	GIZ	GIZ publication: Akzente 03/2011	2011	5
64	Vision Spring	VisionSpring (formerly Scojo Foundation)	Lehr D.	Acumen Fund	Acumen Fund report: Microfranchising at the Base of the Pyramid	2008	4
65	SKS Microfinance	Cash Cows – Expanding the market with dairy federations	Allianz	Allianz	Allianz report: learning to insure the poor	2010	3
66	Mtanga Farms Limited (MFL)	Improving livelihoos, removing barriers, Investing for Impact in Mtanga Farms	GIIN	Global Impact Investing Network (GIIN)	GIIN website	2011	2
67	Strategic Alliance for the Fortification of Oil (SAFO)	Building a Strategic Alliance for the Fortification of Oil and Other Staple Foods (SAFO)	Gradl C.	Harvard Kennedy School	CSR Initiative, Harvard Kennedy School website	2012	2
68	Southern Agricultural Growth Corridor of Tanzania	Mobilizing the Southern Agricultural Growth Corridor of Tanzania	Jenkins B.	Harvard Kennedy School	CSR Initiative, Harvard Kennedy School website	2012	4
69	Patrimonio Hoy	Cemex: innovation in housing for the poor	Sharma A. Mohan S. & Singh S.	The fortune a the bottom of the pyramid (book)	The fortune a the bottom of the pyramid (book)	2005	2
70	The Water Initiative	The Water Initiative	Hart S.	Next Generation Business Strategies for the Base of the Pyramid	Next Generation Business Strategies for the Base of the Pyramid	2011	2

10.6 General Business Model Characteristics Data

Initiative	Sector	Origin	Supply chain orientation for BOP	Phase of Initiative	Maturity (years)	Global region	Millennium Development Goal	Industry (SIC codes)
MPESA	private	foreign	consumers	scaling	2	Africa	end poverty & hunger	Transportation, Communication, Utilities
Cameroon Sorghum Project	private	local & foreign	smallholders	exploitation	2	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
LifeSpring Hospitals	private	local & foreign	consumers	scaling	5	Asia	maternal health	services
SME Training Programme	private	local	consumers	design or pilot	1	Asia	end poverty & hunger	services
Sproxil	private	foreign	consumers	scaling	2	Africa	combat HIV/AIDS	services
Honey Care Africa	private	local	smallholders	scaling	2	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
Microcare	private	local	consumers	scaling	8	Africa	combat HIV/AIDS	Finance, Insurance & Real Estate
Blue Ventures Community-based Marine Reserves	multi sector	local & foreign	smallholders	design or pilot	1	Africa	environmental sustainability	Agriculture, Forestry & Fishing
Cows to Kilowatts Partnership	multi sector	local & foreign	consumers	design or pilot	-1	Africa	environmental sustainability	Transportation, Communication, Utilities
Lufumbu Village Water Project	community	local	consumers	exploitation	16	Africa	environmental sustainability	Transportation, Communication, Utilities
Oto Finance	private	local & foreign	consumers	scaling	8	Asia	end poverty & hunger	Finance, Insurance & Real Estate
Uniminuto	nonprofit/ngo	local	consumers	scaling	21	Latin America	end poverty & hunger	services
Bakhresa Grain Milling Malawi	private	local	traders & intermediaries	scaling	8	Africa	no goals	Wholesale Trade
VINTE Viviendas Integrales	private	local	consumers	exploitation	10	Latin America	no goals	Finance, Insurance & Real Estate
Tribanco	private	local	traders & intermediaries	scaling	21	Latin America	end poverty & hunger	Finance, Insurance & Real Estate
Bajaj Allianz	private	local	consumers	scaling	3	Asia	end poverty & hunger	Finance, Insurance & Real Estate
Grundfos LIFELINK	private	foreign	consumers	exploitation	4	Africa	environmental sustainability	Transportation, Communication, Utilities
Ahafo Mine	private	foreign	smallholders	design or pilot	2	Africa	end poverty & hunger	services
Community Cleaning Services	multi sector	local & foreign	traders & intermediaries	exploitation	7	Africa	environmental sustainability	Transportation, Communication, Utilities
Ouro Verde	multi sector	local & foreign	smallholders	exploitation	7	Latin America	end poverty & hunger	Agriculture, Forestry & Fishing
Udyogini	nonprofit/ngo	local	smallholders	scaling	20	Asia	gender equality	services
Huong Hoa Cassava Starch Factory	private	local	smallholders	exploitation	4	Asia	end poverty & hunger	Agriculture, Forestry & Fishing
Jumla Apples	nonprofit/ngo	local	smallholders	design or pilot	2	Asia	end poverty & hunger	Agriculture, Forestry & Fishing
South-Sudan Local Cassava Initiative	private	foreign	smallholders	design or pilot	2	Africa	end poverty & hunger	Agriculture, Forestry & Fishing

APEOSAE	multi sector	local & foreign	smallholders	design or pilot	2	Latin America	end poverty & hunger	Agriculture, Forestry & Fishing
Drishtee	private	local	consumers	scaling	11	Asia	end poverty & hunger	Wholesale Trade
HealthLine	private	local	consumers	exploitation	5	Asia	combat HIV/AIDS	services
Community Knowledge Workers	nonprofit/ngo	foreign	smallholders	exploitation	3	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
WATASOL	nonprofit/ngo	local	consumers	exploitation	3	Africa	combat HIV/AIDS	Wholesale Trade
Manila Water Comany	private	local	consumers	scaling	14	Asia	combat HIV/AIDS	Transportation, Communication, Utilities
Project Novella	multi sector	local & foreign	smallholders	exploitation	6	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
InterContinental Hotels Group Academy China	private	local	consumers	scaling	4	Asia	end poverty & hunger	services
Alam Simsim	multi sector	local	consumers	scaling	6	Africa	universal education	services
SEKEM	private	local	smallholders	exploitation	29	Africa	end poverty & hunger	services
Rozgar Duniya	private	local	consumers	design or pilot	1	Asia	end poverty & hunger	services
Kilimo Salama	multi sector	local & foreign	smallholders	exploitation	2	Africa	end poverty & hunger	Finance, Insurance & Real Estate
Wealth of the Oceans	multi sector	local & foreign	smallholders	exploitation	9	Africa	environmental sustainability	Agriculture, Forestry & Fishing
Jain Irrigation	private	local	smallholders	scaling	22	Asia	environmental sustainability	Agriculture, Forestry & Fishing
Green Elephant	private	foreign	smallholders	scaling	1	Asia	environmental sustainability	Transportation, Communication, Utilities
Village Electrification	multi sector	local & foreign	consumers	design or pilot	1	Africa	environmental sustainability	Transportation, Communication, Utilities
Casa del Bienestar	private	foreign	traders & intermediaries	exploitation	2	Latin America	end poverty & hunger	Retail Trade
Feria a la Inversa	nonprofit/ngo	local	smallholders	scaling	7	Latin America	end poverty & hunger	services
Gas Natural Fenosa - Social Energy initiative	private	local	consumers	scaling	8	Latin America	end poverty & hunger	Transportation, Communication, Utilities
Brilla	private	local	consumers	exploitation	5	Latin America	end poverty & hunger	Finance, Insurance & Real Estate
PROCASO	private	local & foreign	smallholders	exploitation	3	Latin America	end poverty & hunger	Agriculture, Forestry & Fishing
Águas do Amazonas (Water for All)	multi sector	local & foreign	consumers	seized	7	Latin America	environmental sustainability	Transportation, Communication, Utilities
Commercio Solidario	multi sector	local & foreign	smallholders	scaling	5	Latin America	end poverty & hunger	Agriculture, Forestry & Fishing
LifeClubs	private	local & foreign	employees	exploitation	4	Africa	end poverty & hunger	services
TB Drug Accelerator (TBDA	private	foreign	traders & intermediaries	design or pilot	5	Asia	combat HIV/AIDS	Manufacturing
Microseguros Adopem	multi sector	local & foreign	consumers	scaling	2	Latin America	end poverty & hunger	Finance, Insurance & Real Estate
West Gonja Health Insurance Scheme	government	local	consumers	design or pilot	-2	Africa	end poverty & hunger	Finance, Insurance & Real Estate
Mulondolwa Jatropha industry	community	local	smallholders	exploitation	1	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
Sesame Marketing Project	multi sector	foreign	smallholders	design or pilot	1	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
Green Energy Vietnam	private	local	smallholders	exploitation	2	Asia	environmental sustainability	Agriculture, Forestry & Fishing
BioSynergy	multi sector	local & foreign	consumers	design or pilot	0	Latin America	environmental sustainability	Agriculture, Forestry & Fishing

Child & Family Wellness Shop	private	local	employees	exploitation	3	Asia	gender equality	Manufacturing
Gadim Guba	nonprofit/ngo	local	consumers	scaling	7	Africa	combat HIV/AIDS	services
Temerin Telecottage	multi sector	local & foreign	consumers	scaling	6	Europe	end poverty & hunger	services
Kheir Zaman	private	local	consumers	scaling	5	Africa	end poverty & hunger	Retail Trade
Mt. Plaisir Estate Hotel	private	local	employees	scaling	13	Latin America	end poverty & hunger	services
Affordable-Housing Development	private	local	consumers	design or pilot	0	Africa	end poverty & hunger	Finance, Insurance & Real Estate
Natura	private	local	employees	scaling	42	Latin America	environmental sustainability	Manufacturing
Micro Power Economy for Rural Electrification	private	local & foreign	consumers	scaling	4	Africa	end poverty & hunger	Transportation, Communication, Utilities
Vision Spring	nonprofit/ngo	local	consumers	scaling	7	multiple continents	end poverty & hunger	Retail Trade
SKS Microfinance	private	local	smallholders	exploitation	0	Asia	end poverty & hunger	Finance, Insurance & Real Estate
Mtanga Farms Limited (MFL)	private	local	smallholders	design or pilot	3	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
Strategic Alliance for the Fortification of Oil (SAFO)	multi sector	foreign	consumers	design or pilot	4	Africa	end poverty & hunger	Manufacturing
Southern Agricultural Growth Corridor of Tanzania	multi sector	local & foreign	smallholders	design or pilot	3	Africa	end poverty & hunger	Agriculture, Forestry & Fishing
Patrimonio Hoy	private	local	consumers	scaling	7	Latin America	end poverty & hunger	Construction
The Water Initiative	private	foreign	consumers	exploitation	5	Latin America	environmental sustainability	Manufacturing

Appendix 6 General Business Model Characteristics Data

10.7 Scalability & Scaling Strategy Data

ID#	Initiative	Mission	Impact	Business Case	Stake-holder	Inclusive Scalability	Scaling Strategy	With a partner
1	MPESA	6,25	1,67	6,67	6,67	5,31	scale wide	yes
2	Cameroon Sorghum Project	7,50	6,67	6,67	7,50	7,08	scale up	yes
3	LifeSpring Hospitals	7,50	6,67	6,67	6,67	6,88	scale wide	no
4	SME Training Programme	6,25	3,33	4,44	4,17	4,55	scale wide	no
5	Sproxil	6,25	1,67	10,00	5,83	5,94	scale wide	yes
6	Honey Care Africa	6,25	3,33	8,89	5,00	5,87	scale up	yes
7	Microcare	7,50	6,67	6,67	7,50	7,08	scale up	yes
8	Blue Ventures Community-based Marine Reserves	7,50	10,00	5,56	10,00	8,26	scale up	no
9	Cows to Kilowatts Partnership	3,75	3,33	4,44	8,33	4,97	scale wide	no
10	Lufumbu Village Water Project	3,75	6,67	1,11	5,83	4,34	no scaling	no
11	Oto Finance	6,25	1,67	6,67	5,83	5,10	scale wide	yes
12	Uniminuto	6,25	3,33	5,56	6,67	5,45	scale up	no
13	Bakhresa Grain Milling Malawi	0,00	0,00	4,44	2,50	1,74	scale wide	no
14	VINTE Viviendas Integrales	1,25	0,00	5,56	3,33	2,53	scale up	no
15	Tribanco	7,50	0,00	6,67	5,83	5,00	no scaling	no
16	Bajaj Allianz	5,00	1,67	5,56	9,17	5,35	scale wide	yes
17	Grundfos LIFELINK	6,25	6,67	10,00	8,33	7,81	scale wide	no
18	Ahafo Mine	2,50	8,33	3,33	3,33	4,38	no scaling	no
19	Community Cleaning Services	6,25	6,67	5,56	8,33	6,70	diversification	yes
20	Ouro Verde	6,25	3,33	2,22	8,33	5,03	no scaling	no
21	Udyogini	7,50	3,33	2,22	5,83	4,72	no scaling	no
22	Huong Hoa Cassava Starch Factory	6,25	8,33	6,67	10,00	7,81	scale wide	no
23	Jumla Apples	6,25	1,67	4,44	6,67	4,76	no scaling	no
24	South-Sudan Local Cassava Initiative	6,25	1,67	4,44	7,50	4,97	scale up	yes
25	APEOSAE	6,25	1,67	6,67	9,17	5,94	no scaling	no
26	Drishtee	6,25	3,33	6,67	8,33	6,15	scale wide	yes
27	HealthLine	6,25	8,33	5,56	4,17	6,08	scale up	yes
28	Community Knowledge Workers	7,50	5,00	5,56	10,00	7,01	scale wide	yes
29	WATASOL	7,50	8,33	4,44	6,67	6,74	scale up	yes

30	Manila Water Comany	6,25	8,33	8,89	5,83	7,33	scale wide	yes
31	Project Novella	5,00	6,67	7,78	9,17	7,15	scale wide	yes
32	InterContinental Hotels Group Academy China	6,25	0,00	4,44	5,00	3,92	scale wide	yes
33	Alam Simsim	6,25	6,67	4,44	7,50	6,22	scale wide	yes
34	SEKEM	6,25	3,33	2,22	3,33	3,78	scale deep	no
35	Rozgar Duniya	5,00	0,00	6,67	3,33	3,75	no scaling	no
36	Kilimo Salama	5,00	0,00	6,67	5,00	4,17	scale up	yes
37	Wealth of the Oceans	6,25	8,33	3,33	9,17	6,77	scale deep	yes
38	Jain Irrigation	6,25	8,33	6,67	6,67	6,98	scale wide	yes
39	Green Elephant	3,75	3,33	5,56	5,83	4,62	diversification	no
40	Village Electrification	6,25	6,67	7,78	5,00	6,42	no scaling	no
41	Casa del Bienestar	7,50	6,67	6,67	5,83	6,67	scale wide	no
42	Feria a la Inversa	6,25	3,33	4,44	8,33	5,59	scale wide	yes
43	Gas Natural Fenosa - Social Energy initiative	7,50	3,33	6,67	8,33	6,46	scale wide	no
44	Brilla	7,50	3,33	7,78	4,17	5,69	scale up	no
45	PROCASO	7,50	3,33	6,67	9,17	6,67	no scaling	no
46	Águas do Amazonas (Water for All)	8,75	10,00	6,67	8,33	8,44	scale up	yes
47	Commercio Solidario	6,25	3,33	5,56	7,50	5,66	scale deep	yes
48	LifeClubs	2,50	3,33	3,33	7,50	4,17	no scaling	no
49	TB Drug Accelerator (TBDA	5,00	0,00	6,67	8,33	5,00	no scaling	no
50	Microseguros Adopem	5,00	1,67	6,67	5,83	4,79	no scaling	no
51	West Gonja Health Insurance Scheme	5,00	1,67	4,44	7,50	4,65	scale up	yes
52	Mulondolwa Jatropha industry	7,50	6,67	6,67	7,50	7,08	scale wide	yes
53	Sesame Marketing Project	6,25	6,67	6,67	7,50	6,77	scale wide	yes
54	Green Energy Vietnam	6,25	5,00	10,00	9,17	7,60	scale wide	yes
55	BioSynergy	6,25	6,67	6,67	9,17	7,19	scale up	yes
56	Child & Family Wellness Shop	6,25	1,67	6,67	5,83	5,10	scale wide	no
57	Gadim Guba	6,25	10,00	5,56	8,33	7,53	scale wide	yes
58	Temerin Telecottage	5,00	5,00	4,44	5,00	4,86	scale deep	no
59	Kheir Zaman	6,25	1,67	6,67	4,17	4,69	scale wide	no
60	Mt. Plaisir Estate Hotel	6,25	3,33	6,67	5,00	5,31	scale deep	no
61	Affordable-Housing Development	7,50	8,33	6,67	4,17	6,67	scale up	no
62	Natura	6,25	5,00	6,67	5,83	5,94	no scaling	no

63	Micro Power Economy for Rural Electrification	6,25	1,67	8,89	6,67	5,87	scale wide	yes
64	Vision Spring	6,25	6,67	6,67	8,33	6,98	scale wide	yes
65	SKS Microfinance	3,75	0,00	6,67	4,17	3,65	scale up	yes
66	Mtanga Farms Limited (MFL)	6,25	6,67	6,67	6,67	6,56	scale up	yes
67	Strategic Alliance for Fortification of Oil (SAFO)	5,00	6,67	4,44	8,33	6,11	scale wide	yes
68	Southern Agricultural Growth Corridor of Tanzania	6,25	3,33	10,00	9,17	7,19	scale wide	yes
69	Patrimonio Hoy	6,25	3,33	6,67	0,00	4,06	diversification	yes
70	The Water Initiative	6,25	5,00	5,56	4,17	5,24	scale up	yes

10.8 Complete Data Set (1) – Scalability

ID#	Mission									Impact							Business Case										Stakeholder Involvement													Inclusive Scalability
	MD	Pc	Pv	Ps	Ti	Tp	Inv	CK		Ei	En	Aie	As	Ap	F		R	ME	Fi	Fp	SCu	SCd	L1	L2	L3		Pg	Pin	Pn	Pc	Pio	Pr	Pf	Va	Vr	Vi	Vs	I		
1	1	0	0	1	0	1	1	1	**6,25**	0	0	0	0	0	1	**1,67**	1	1	1	1	1	1	0	0	0	**6,67**	1	0	0	1	1	0	1	0	1	1	1	1	**6,67**	**5,31**
2	1	0	1	1	0	1	1	1	**7,50**	1	1	0	1	0	1	**6,67**	1	1	1	0	1	1	1	0	0	**6,67**	1	1	0	1	1	0	1	0	1	1	1	1	**7,50**	**7,08**
3	1	0	0	1	1	1	1	1	**7,50**	1	1	0	1	0	1	**6,67**	1	1	1	1	0	1	1	0	0	**6,67**	0	1	0	1	1	1	0	0	1	1	1	1	**6,67**	**6,88**
4	1	0	0	1	0	1	1	1	**6,25**	0	0	0	1	0	1	**3,33**	1	1	0	0	1	1	0	0	0	**4,44**	1	0	0	0	1	0	0	0	1	1	0	1	**4,17**	**4,55**
5	1	1	0	1	0	1	1	0	**6,25**	0	0	0	1	0	0	**1,67**	1	1	2	2	1	1	1	0	0	**10,00**	1	1	0	0	0	0	1	0	1	1	1	1	**5,83**	**5,94**
6	1	0	0	1	0	1	1	1	**6,25**	1	0	0	1	0	0	**3,33**	1	1	1	2	1	1	1	0	0	**8,89**	0	0	0	1	0	0	1	0	1	1	1	1	**5,00**	**5,87**
7	1	1	0	1	0	1	1	1	**7,50**	1	1	0	1	0	1	**6,67**	1	1	1	1	1	1	0	0	0	**6,67**	1	1	1	1	0	0	1	0	1	1	1	1	**7,50**	**7,08**
8	1	1	0	1	0	1	1	1	**7,50**	1	1	1	1	1	1	**10,00**	1	1	1	0	1	1	0	0	0	**5,56**	1	1	1	1	1	1	1	1	1	1	1	1	**10,00**	**8,26**
9	1	1	0	0	0	1	0	0	**3,75**	1	1	0	0	0	0	**3,33**	1	1	0	1	0	1	0	0	0	**4,44**	1	1	1	0	1	1	0	1	1	1	1	1	**8,33**	**4,97**
10	1	0	0	0	0	1	1	0	**3,75**	1	0	1	1	1	0	**6,67**	0	0	0	0	0	1	0	0	0	**1,11**	0	0	1	1	1	0	1	0	1	1	0	1	**5,83**	**4,34**
11	1	0	0	1	1	1	1	0	**6,25**	1	0	0	0	0	0	**1,67**	1	1	1	1	1	1	0	0	0	**6,67**	0	0	1	0	1	0	1	0	1	1	1	1	**5,83**	**5,10**
12	1	0	0	1	0	1	1	1	**6,25**	0	0	0	1	1	0	**3,33**	1	1	1	0	0	1	1	0	0	**5,56**	1	0	1	0	1	0	1	0	1	1	1	1	**6,67**	**5,45**
13	0	0	0	0	0	0	0	0	**0,00**	0	0	0	0	0	0	**0,00**	1	0	1	1	0	0	1	0	0	**4,44**	0	0	0	0	1	0	0	0	1	0	0	1	**2,50**	**1,74**
14	0	0	0	0	1	0	0	0	**1,25**	0	0	0	0	0	0	**0,00**	1	1	1	1	0	1	0	0	0	**5,56**	0	0	0	0	1	0	0	0	1	1	0	1	**3,33**	**2,53**
15	1	0	0	1	1	1	1	1	**7,50**	0	0	0	0	0	0	**0,00**	1	1	1	1	1	1	0	0	0	**6,67**	1	0	0	1	1	0	1	0	1	1	0	1	**5,83**	**5,00**
16	1	0	0	1	0	1	1	0	**5,00**	1	0	0	0	0	0	**1,67**	1	1	1	1	0	1	0	0	0	**5,56**	0	1	1	1	1	1	1	1	1	1	1	1	**9,17**	**5,35**
17	1	0	0	1	0	1	1	1	**6,25**	1	0	1	1	1	0	**6,67**	1	1	1	1	1	1	1	1	1	**10,00**	1	1	0	1	1	0	1	1	1	1	1	1	**8,33**	**7,81**
18	1	0	0	1	0	0	0	0	**2,50**	1	1	1	1	0	1	**8,33**	1	0	0	0	1	1	0	0	0	**3,33**	0	0	0	1	1	0	0	0	1	1	0	0	**3,33**	**4,38**
19	1	0	0	1	0	1	1	1	**6,25**	1	0	0	1	1	1	**6,67**	1	1	1	0	1	1	0	0	0	**5,56**	1	1	1	1	0	0	1	1	1	1	1	1	**8,33**	**6,70**
20	1	0	1	1	0	0	1	1	**6,25**	1	0	0	1	0	0	**3,33**	1	0	0	0	0	1	0	0	0	**2,22**	1	0	1	1	1	1	1	0	1	1	1	1	**8,33**	**5,03**
21	1	0	0	1	1	1	1	1	**7,50**	1	0	0	1	0	0	**3,33**	1	0	0	0	0	1	0	0	0	**2,22**	0	0	1	1	1	0	1	0	1	1	0	1	**5,83**	**4,72**
22	1	0	0	1	0	1	1	1	**6,25**	1	0	1	1	1	1	**8,33**	1	1	1	1	1	1	0	0	0	**6,67**	1	1	1	1	1	1	1	1	1	1	1	1	**10,00**	**7,81**
23	1	0	0	1	0	1	1	1	**6,25**	0	0	0	1	0	0	**1,67**	1	0	0	0	1	1	1	0	0	**4,44**	1	1	0	1	0	0	1	1	1	1	0	1	**6,67**	**4,76**
24	1	0	0	1	0	1	1	1	**6,25**	1	0	0	0	0	0	**1,67**	1	1	0	0	1	1	0	0	0	**4,44**	1	1	1	1	0	0	0	1	1	1	1	1	**7,50**	**4,97**
25	1	0	0	1	0	1	1	1	**6,25**	1	0	0	0	0	0	**1,67**	1	1	0	0	1	1	1	1	0	**6,67**	1	1	1	1	1	0	1	1	1	1	1	1	**9,17**	**5,94**
26	1	0	0	1	0	1	1	1	**6,25**	0	0	0	1	0	1	**3,33**	1	1	1	1	1	1	0	0	0	**6,67**	0	1	1	1	1	0	1	1	1	1	1	1	**8,33**	**6,15**
27	1	0	0	1	1	1	1	0	**6,25**	1	1	1	1	0	1	**8,33**	1	1	1	0	1	1	0	0	0	**5,56**	0	0	0	0	0	0	1	1	1	0	1	1	**4,17**	**6,08**
28	1	0	0	1	1	1	1	1	**7,50**	1	0	0	1	1	0	**5,00**	1	0	1	0	1	1	1	0	0	**5,56**	1	1	1	1	1	1	1	1	1	1	1	1	**10,00**	**7,01**

29	1	0	0	1	1	1	1	1	**7,50**	1	1	1	1	1	0	**8,33**	1	1	0	0	1	1	0	0	0	**4,44**	1	1	1	0	0	0	1	0	1	1	1	1	**6,67**	**6,74**
30	1	0	0	1	1	1	1	0	**6,25**	1	0	1	1	1	1	**8,33**	1	1	1	1	0	1	1	1	1	**8,89**	1	0	0	1	0	0	1	0	1	1	1	1	**5,83**	**7,33**
31	1	0	0	1	0	0	1	1	**5,00**	1	0	1	1	1	0	**6,67**	1	1	1	0	1	1	1	1	0	**7,78**	1	1	1	1	1	1	1	0	1	1	1	1	**9,17**	**7,15**
32	1	0	1	1	0	0	1	1	**6,25**	0	0	0	0	0	0	**0,00**	1	1	0	0	1	1	0	0	0	**4,44**	1	0	0	0	0	0	1	0	1	1	1	1	**5,00**	**3,92**
33	1	0	0	1	0	1	1	1	**6,25**	1	0	1	1	1	0	**6,67**	1	1	0	0	1	1	0	0	0	**4,44**	1	1	1	0	0	0	1	1	1	1	1	1	**7,50**	**6,22**
34	1	0	0	1	0	1	1	1	**6,25**	1	0	0	1	0	0	**3,33**	1	0	0	0	0	1	0	0	0	**2,22**	0	0	1	1	0	0	0	0	1	1	0	0	**3,33**	**3,78**
35	1	0	0	1	0	1	1	0	**5,00**	0	0	0	0	0	0	**0,00**	1	1	1	1	1	1	0	0	0	**6,67**	0	0	0	1	0	0	1	0	1	0	0	1	**3,33**	**3,75**
36	1	0	0	1	0	1	1	0	**5,00**	0	0	0	0	0	0	**0,00**	1	1	1	1	1	1	0	0	0	**6,67**	0	1	0	0	0	0	1	0	1	1	1	1	**5,00**	**4,17**
37	1	0	0	1	0	1	1	1	**6,25**	1	0	1	1	1	1	**8,33**	1	0	0	0	1	1	0	0	0	**3,33**	1	1	1	1	1	1	1	0	1	1	1	1	**9,17**	**6,77**
38	1	0	0	1	0	1	1	1	**6,25**	1	0	1	1	1	1	**8,33**	1	1	1	1	1	1	0	0	0	**6,67**	1	0	0	1	1	0	1	0	1	1	1	1	**6,67**	**6,98**
39	1	0	0	1	0	1	0	0	**3,75**	1	0	0	1	0	0	**3,33**	1	1	1	0	1	1	0	0	0	**5,56**	1	0	0	1	0	0	1	1	1	0	1	1	**5,83**	**4,62**
40	1	0	0	1	0	1	1	1	**6,25**	1	0	1	1	1	0	**6,67**	1	1	1	1	1	1	1	0	0	**7,78**	0	0	0	1	0	0	1	0	1	1	1	1	**5,00**	**6,42**
41	1	0	0	1	1	1	1	1	**7,50**	1	0	1	1	1	0	**6,67**	1	1	1	1	1	1	0	0	0	**6,67**	0	1	0	1	0	0	0	1	1	1	1	1	**5,83**	**6,67**
42	1	0	0	1	0	1	1	1	**6,25**	1	0	0	1	0	0	**3,33**	1	1	0	0	1	1	0	0	0	**4,44**	1	1	0	1	1	0	1	1	1	1	1	1	**8,33**	**5,59**
43	1	0	0	1	1	1	1	1	**7,50**	1	0	0	1	0	0	**3,33**	1	1	1	1	1	1	0	0	0	**6,67**	1	0	1	1	1	0	1	1	1	1	1	1	**8,33**	**6,46**
44	1	0	0	1	1	1	1	1	**7,50**	1	0	0	1	0	0	**3,33**	1	1	1	1	1	1	1	0	0	**7,78**	0	0	0	0	0	0	1	0	1	1	1	1	**4,17**	**5,69**
45	1	0	0	1	1	1	1	1	**7,50**	1	0	0	1	0	0	**3,33**	1	1	1	1	1	1	0	0	0	**6,67**	1	1	0	1	1	1	1	1	1	1	1	1	**9,17**	**6,67**
46	1	0	1	1	1	1	1	1	**8,75**	1	1	1	1	1	1	**10,00**	1	1	1	1	1	1	0	0	0	**6,67**	0	1	1	1	1	0	1	1	1	1	1	1	**8,33**	**8,44**
47	1	0	0	1	0	1	1	1	**6,25**	1	0	0	1	0	0	**3,33**	1	1	1	0	1	1	0	0	0	**5,56**	0	1	1	1	0	0	1	1	1	1	1	1	**7,50**	**5,66**
48	1	0	0	1	0	0	0	0	**2,50**	1	0	0	0	0	1	**3,33**	1	0	0	0	1	1	0	0	0	**3,33**	0	1	1	1	1	0	1	0	1	1	1	1	**7,50**	**4,17**
49	1	1	0	1	0	1	0	0	**5,00**	0	0	0	0	0	0	**0,00**	1	1	1	0	1	1	1	0	0	**6,67**	1	1	1	0	1	1	1	0	1	1	1	1	**8,33**	**5,00**
50	1	0	0	1	0	1	1	0	**5,00**	0	0	0	0	0	1	**1,67**	1	1	1	1	1	1	0	0	0	**6,67**	0	1	0	0	0	0	1	1	1	1	1	1	**5,83**	**4,79**
51	1	0	0	1	0	1	1	0	**5,00**	0	0	0	0	0	1	**1,67**	1	1	1	0	0	1	0	0	0	**4,44**	1	1	1	1	0	0	1	0	1	1	1	1	**7,50**	**4,65**
52	1	0	0	1	1	1	1	1	**7,50**	1	0	1	0	1	1	**6,67**	1	1	1	1	1	1	0	0	0	**6,67**	1	1	0	1	0	0	1	1	1	1	1	1	**7,50**	**7,08**
53	1	0	0	1	0	1	1	1	**6,25**	1	0	1	1	0	1	**6,67**	1	1	1	1	1	1	0	0	0	**6,67**	1	1	0	1	1	0	0	1	1	1	1	1	**7,50**	**6,77**
54	1	0	0	1	0	1	1	1	**6,25**	1	0	1	1	0	0	**5,00**	1	1	1	1	1	1	1	1	1	**10,00**	1	1	0	1	1	1	1	1	1	1	1	1	**9,17**	**7,60**
55	1	0	0	1	0	1	1	1	**6,25**	1	0	1	1	1	0	**6,67**	1	1	1	1	1	1	0	0	0	**6,67**	1	1	1	1	0	1	1	1	1	1	1	1	**9,17**	**7,19**
56	1	0	0	1	0	1	1	1	**6,25**	0	0	0	1	0	0	**1,67**	1	1	1	1	1	1	0	0	0	**6,67**	0	1	0	0	1	0	1	1	1	1	0	1	**5,83**	**5,10**
57	1	0	0	1	0	1	1	1	**6,25**	1	1	1	1	1	1	**10,00**	1	1	1	0	0	1	1	0	0	**5,56**	1	1	0	1	1	0	1	1	1	1	1	1	**8,33**	**7,53**
58	1	0	0	1	0	0	1	1	**5,00**	1	1	0	1	0	0	**5,00**	1	1	1	0	0	1	0	0	0	**4,44**	1	1	0	0	0	0	1	0	1	1	0	1	**5,00**	**4,86**
59	1	0	0	1	1	1	1	0	**6,25**	1	0	0	0	0	0	**1,67**	1	1	1	1	1	1	0	0	0	**6,67**	1	0	0	0	1	0	0	0	1	1	0	1	**4,17**	**4,69**
60	1	0	0	1	0	1	1	1	**6,25**	1	1	0	0	0	0	**3,33**	1	1	1	1	1	1	0	0	0	**6,67**	0	0	0	1	0	0	0	1	1	1	1	1	**5,00**	**5,31**

61	1	0	0	1	1	1	1	1	**7,50**	1	1	1	1	1	0	**8,33**	1	1	1	1	1	1	0	0	0	**6,67**	0	0	0	0	1	0	0	0	1	1	1	1	**4,17**	**6,67**
62	1	0	0	1	0	1	1	1	**6,25**	1	0	0	1	1	0	**5,00**	1	1	1	1	1	1	0	0	0	**6,67**	1	0	1	1	0	0	0	1	1	1	0	1	**5,83**	**5,94**
63	1	0	0	1	0	1	1	1	**6,25**	1	0	0	0	0	0	**1,67**	1	1	1	1	1	1	1	1	0	**8,89**	1	0	0	1	1	0	1	0	1	1	1	1	**6,67**	**5,87**
64	1	0	0	1	0	1	1	1	**6,25**	1	1	1	1	0	0	**6,67**	1	1	1	1	1	1	0	0	0	**6,67**	0	1	1	1	1	0	1	1	1	1	1	1	**8,33**	**6,98**
65	1	0	0	1	0	0	1	0	**3,75**	0	0	0	0	0	0	**0,00**	1	1	1	1	1	1	0	0	0	**6,67**	0	0	0	1	0	0	0	1	1	0	1	1	**4,17**	**3,65**
66	1	0	0	1	0	1	1	1	**6,25**	1	0	1	1	0	1	**6,67**	1	1	1	1	1	1	0	0	0	**6,67**	1	1	0	0	0	0	1	1	1	1	1	1	**6,67**	**6,56**
67	1	0	0	1	0	1	1	0	**5,00**	1	1	0	1	0	1	**6,67**	1	1	0	0	1	1	0	0	0	**4,44**	1	1	0	1	1	0	1	1	1	1	1	1	**8,33**	**6,11**
68	1	0	0	1	0	1	1	1	**6,25**	1	1	0	0	0	0	**3,33**	1	1	1	1	1	1	1	1	1	**10,00**	1	1	1	1	1	0	1	1	1	1	1	1	**9,17**	**7,19**
69	1	0	0	1	1	1	1	0	**6,25**	1	1	0	0	0	0	**3,33**	1	1	1	1	1	1	0	0	0	**6,67**	0	0	0	0	0	0	0	0	0	0	0	0	**0,00**	**4,06**
70	1	0	0	1	0	1	1	1	**6,25**	1	0	0	1	0	1	**5,00**	1	1	1	1	0	1	0	0	0	**5,56**	0	0	0	1	0	0	0	1	1	1	0	1	**4,17**	**5,24**

10.9 Complete Data Set (2) - Other

ID#	Scaling Strategy							Business Model Characteristics										Case characteristics		
	Sc	Snm	Snp	Svc	Srp	Scaling Strategy	Sp	Sec	Ow	Or	C	SCO	Ph	Ma	Re	MDG	SIC	Sou	Pub	CP
1	1	1	0	0	0	scale wide	1	1	2	2	3	1	3	2008	3	1	5	1	2010	4
2	1	0	0	0	0	scale up	1	1	5	3	4	3	2	2008	3	1	1	1	2010	4
3	1	1	0	0	0	scale wide	0	1	6	3	5	1	3	2005	5	5	9	1	2010	4
4	1	1	0	0	0	scale wide	0	1	4	1	4	1	1	2009	5	1	9	1	2010	4
5	1	1	0	0	0	scale wide	1	1	2	2	5	1	3	2010	3	6	9	1	2012	4
6	1	0	0	0	0	scale up	1	1	2	1	3	3	3	2006	3	1	1	1	2008	4
7	1	0	0	0	0	scale up	1	1	2	1	5	1	3	2000	3	6	8	1	2008	4
8	1	0	0	0	0	scale up	0	5	5	3	4	3	1	2005	3	7	1	1	2006	10
9	1	1	0	0	0	scale wide	0	5	5	3	5	1	1	2007	3	7	5	1	2006	10
10	0	0	0	0	0	no scaling	0	4	2	1	4	1	2	1992	3	7	5	1	2008	4
11	1	1	0	0	0	scale wide	1	1	5	3	2	1	3	2003	5	1	8	1	2011	2
12	1	0	0	0	0	scale up	0	2	3	1	2	1	3	1990	1	1	9	1	2011	2
13	1	1	0	0	0	scale wide	0	1	4	1	3	2	3	2003	3	9	6	1	2011	2
14	1	0	0	0	0	scale up	0	1	2	1	3	1	2	2001	1	9	8	1	2011	2
15	0	0	0	0	0	no scaling	0	1	3	1	3	2	3	1990	1	1	8	1	2011	2
16	1	1	0	0	0	scale wide	1	1	3	1	3	1	3	2006	5	1	8	1	2009	5
17	1	1	0	0	0	scale wide	0	1	3	2	3	1	2	2007	3	7	5	1	2011	9
18	0	0	0	0	0	no scaling	0	1	5	2	4	3	1	2007	3	1	9	1	2009	10
19	1	1	1	0	1	diversification	1	5	5	3	5	2	2	2005	3	7	5	1	2012	8
20	0	0	0	0	0	no scaling	0	5	1	3	4	3	2	2001	1	1	1	1	2008	3
21	0	0	0	0	0	no scaling	0	2	1	1	3	3	3	1992	5	3	9	3	2012	3
22	1	1	0	0	0	scale wide	0	1	2	1	3	3	2	2008	5	1	1	3	2012	6
23	0	0	0	0	0	no scaling	0	2	3	1	4	3	1	2010	5	1	1	3	2012	7
24	1	0	0	0	0	scale up	1	1	2	2	4	3	1	2010	3	1	1	3	2012	3

25	0	0	0	0	0	no scaling	0	5	5	3	4	3	1	2010	1	1	1	3	2012	7
26	1	1	0	0	0	scale wide	1	1	2	1	5	1	3	2000	5	1	6	2	2011	6
27	1	0	0	0	0	scale up	1	1	5	1	5	1	2	2006	5	6	9	2	2011	7
28	1	1	0	0	0	scale wide	1	2	2	2	4	3	2	2008	3	1	1	2	2011	6
29	1	0	0	0	0	scale up	1	2	2	1	4	1	2	2008	3	6	6	2	2011	6
30	1	1	0	0	0	scale wide	1	1	2	1	4	1	3	1997	5	6	5	2	2011	5
31	1	1	0	0	0	scale wide	1	5	5	3	4	3	2	2004	3	1	1	1	-	3
32	1	1	0	0	0	scale wide	1	1	5	1	2	1	3	2006	5	1	9	1	2010	2
33	1	1	0	0	0	scale wide	1	5	5	1	3	1	3	2000	3	2	9	1	2006	2
34	1	0	1	0	0	scale deep	0	1	3	1	2	3	2	1977	3	1	9	1	2006	2
35	0	0	0	0	0	no scaling	0	1	2	1	3	1	1	2009	5	1	9	1	2010	2
36	1	0	0	0	0	scale up	1	5	5	3	4	3	2	2009	3	1	8	5	2011	2
37	1	0	1	0	0	scale deep	1	5	5	3	5	3	2	2002	3	7	1	5	2011	2
38	1	1	0	0	0	scale wide	1	1	2	1	3	3	3	1989	5	7	1	5	2011	4
39	1	1	1	0	1	diversification	0	1	2	2	3	3	3	2010	5	7	5	5	2011	2
40	0	0	0	0	0	no scaling	0	5	5	3	5	1	1	2010	3	7	5	5	2011	2
41	1	1	0	0	0	scale wide	0	1	2	2	3	2	2	2009	1	1	7	1	2011	8
42	1	1	0	0	0	scale wide	1	2	2	1	5	3	3	2004	1	1	9	1	2011	7
43	1	1	0	0	0	scale wide	0	1	5	1	1	1	3	2003	1	1	5	1	2011	8
44	1	0	0	0	0	scale up	0	1	4	1	3	1	2	2006	1	1	8	1	2011	6
45	0	0	0	0	0	no scaling	0	1	5	3	3	3	2	2008	1	1	1	1	2011	8
46	1	0	0	0	0	scale up	1	5	5	3	5	1	5	2001	1	7	5	2	2008	15
47	1	0	1	0	0	scale deep	1	5	5	3	5	3	3	2003	1	1	1	2	2008	15
48	0	0	0	0	0	no scaling	0	1	2	3	3	4	2	2004	3	1	9	2	2008	13
49	0	0	0	0	0	no scaling	0	1	2	2	3	2	1	2003	5	6	4	2	2008	15
50	0	0	0	0	0	no scaling	0	5	5	3	3	1	3	2008	1	1	8	2	2010	21
51	1	0	0	0	0	scale up	1	3	3	1	3	1	1	2010	3	1	8	2	2008	2
52	1	1	0	0	0	scale wide	1	4	2	1	5	3	2	2008	3	1	1	2	2009	4

53	1	1	0	0	0	scale wide	1	5	5	2	4	3	1	2009	3	1	1	2	2010	6
54	1	1	0	0	0	scale wide	1	1	2	1	3	3	2	2007	5	7	1	2	2009	5
55	1	0	0	0	0	scale up	1	5	5	3	4	1	1	2010	1	7	1	2	2010	5
56	1	1	0	0	0	scale wide	0	1	2	1	3	4	2	2007	5	3	4	1	2010	11
57	1	1	0	0	0	scale wide	1	2	2	1	5	1	3	2000	3	6	9	1	2007	14
58	1	0	1	0	0	scale deep	0	5	5	3	3	1	3	2001	4	1	9	1	2007	15
59	1	1	0	0	0	scale wide	0	1	4	1	3	1	3	2006	3	1	7	1	2011	18
60	1	0	1	0	0	scale deep	0	1	2	1	5	4	3	1994	1	1	9	1	2007	17
61	1	0	0	0	0	scale up	0	1	2	1	3	1	1	2007	3	1	8	1	2007	18
62	0	0	0	0	0	no scaling	0	1	2	1	1	4	3	1969	1	7	4	6	2011	2
63	1	1	0	0	0	scale wide	1	1	5	3	5	1	3	2007	3	1	5	6	2011	3
64	1	1	0	0	0	scale wide	1	2	2	1	5	1	3	2001	7	1	7	6	2008	4
65	1	0	0	0	0	scale up	1	1	3	1	3	3	2	2010	5	1	8	6	2010	3
66	1	0	0	0	0	scale up	1	1	2	1	3	3	1	2008	3	1	1	6	2011	12
67	1	1	0	0	0	scale wide	1	5	5	2	4	1	1	2008	3	1	4	4	2012	36
68	1	1	0	0	0	scale wide	1	5	6	3	5	3	1	2009	3	1	1	4	2012	40
69	1	1	1	0	1	diversification	1	1	2	1	5	1	3	1998	1	1	3	4	2005	21
70	1	0	0	0	0	scale up	1	1	2	2	5	1	2	2006	1	7	4	4	2011	3

Appendix 9 Complete Data Set (2) – Other

10.10 Page numbers - Bivariate Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of Estimate
Business Model Scalability	,151	,023	,008	7,258
Scaling Strategies	,054	,003	-,012	7,331

Table 34 Page numbers – Linear Regression Model Summaries

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficient	t	Sig.
		B	Std. Error	Beta		
1	Dependent Variable: Business Model Scalability					
	Constant	2,880	3,842		,750	,456
	Number of pages	,818	,650	,151	1,257	,213
2	Dependent Variable: Scaling Strategy					
	Constant	6,782	2,007		3,379	,001
	Number of Pages	,281	,632	,054	,445	,658

Table 35 Page numbers – Linear Regression Coefficients