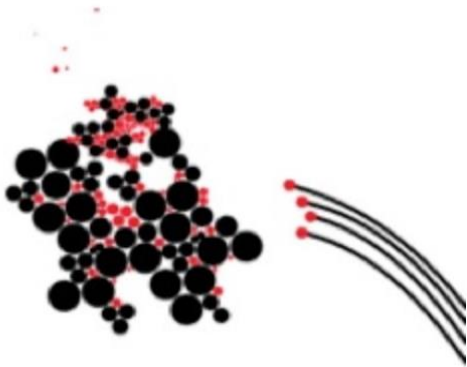


# FACTORS THAT CONTRIBUTE TO SCALING UP AN INCLUSIVE BUSINESS

*An exploratory comparative case study between two manufacturing businesses operating in the plastics industry in a BoP and developed context.*



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## Abstract

Inclusive businesses aim to create and capture mutual value with the Bottom-of-Pyramid (BoP) in order to alleviate poverty. However, inclusive businesses are likely to remain small. This is intriguing as this limits the magnitude of their societal impact. Although scholars have found that business model structures do not play a role, it is not yet known why inclusive businesses remain relatively small in comparison with conventional for-profit businesses. This indicates the need for an in-depth analysis of how scaling up inclusive businesses is different from scaling up conventional for-profit businesses. Namely, these differences point out the factors that particularly contribute to scaling up an inclusive business. Following this line of reasoning, the objective of this thesis is to discover the factors that scale up inclusive businesses in a BoP-context. To achieve this objective, the following research question is answered: *‘What are the factors that contribute to scaling up an inclusive manufacturing business in a BoP-context?’* This thesis is split into a theoretical part and an empirical part in order to answer this research question.

The theoretical part explained the theoretical concepts of the research question. In summary, this thesis accords with the perspective of BoP 2.0 and 3.0: poverty is a complex problem that needs to be solved through product diversity and including the BoP into a business’ activities. In addition, an inclusive business is defined as follows in this thesis: *“a business that creates competitive advantage by managing resources and forming valuable business relationships to enhance its financial viability in order to stimulate development of the focal business as well as together with its society”*. Lastly, scaling up inclusive businesses can be divided into four types: quantitative scaling, functional scaling, political scaling and organizational scaling. Regardless of the type, the aim of scaling an inclusive business is to enlarge social outreach and sustainable impact.

The empirical part was comprised of two phases. The first phase consisted of conducting within-case analyses in order to discover the factors that contribute to scaling up an inclusive business in a BoP-context (business X) and a for-profit business in a developed context (business Y). Ten factors<sup>1</sup> were found that can be subdivided into three overarching categories, namely: networking, re-evaluating and establishing. The first category ‘networking’ consists of the factors: collaboration, acquisition and interaction. The second category ‘re-evaluating’ is comprised of the factors: behavior & cognition, regulation and co-operation. The third category ‘establishing’ consists of the factors: augmentation, expansion, organization & structuration and socioeconomic sustainable aspiration.

The second phase consisted of conducting a cross-case analysis in which the factors of business X and Y were compared along their dominant value creation drivers. This comparison clarified the factors<sup>2</sup> that particularly contributed to scaling up business X, which answers the research question of this thesis. It can be concluded that the factors ‘collaboration’ and ‘augmentation’ contribute to scaling up business X by adding value through *novelty*. In addition, the factors ‘collaboration’ and ‘co-operation’ contribute to scaling up business X by adding value through *lock-in*. Moreover, the factors ‘acquisition’ and ‘expansion’ contribute to scaling up business X by adding value through *complementarities*. Lastly, the factors ‘acquisition’, ‘behavior & cognition’, ‘regulation’, ‘expansion’ and ‘organization & structure’ contribute to scaling up business X by adding value through *efficiency*.

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<sup>1</sup> In order to improve the readability of this abstract, the full definition of the factors are described in section 4.2.9.

<sup>2</sup> In order to improve the readability, this abstract does not elaborate on how these factors scale up business X. This can be read in section 4.3 (or 4.3.5).

The theoretical relevance of these findings is that the factors can be utilized for future research. More specifically, future researchers can deductively test the factors resulting from this thesis. For example, the generalizability of the factors can be tested by including them into research in other contexts and industries. In order to do this, future researchers can utilize the propositions which are formulated in section 4.3. The practical relevance is that these abovementioned factors serve as a frame of reference for practitioners to scale up inclusive businesses and thus promote inclusivity in the BoP.

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# 1. Introduction

## 1.1 Background

A third of the seven billion people in this world are living in poor circumstances. More specifically, 1.5 billion people have less than \$1.25 per day to spend and another 1 billion people have less than \$2.50 per day to spend (Walsh, 2010). Millions of people out of China and India have managed to move out of poverty (Pinkovskiy & Sala-i-Martin, 2009; Deaton, 2006). However, in Sub-Saharan Africa, life expectancy is lower, population growth is higher and poverty is more than it was 35 years ago (Dasgupta, 2010). This indicates the need for additional research about the challenges caused by poverty in developing countries. Various scholars of existing research point out that businesses should focus on the proportion of the world's population who live in extreme poverty (Nidumolu et al., 2009), also called the Base of Economic Pyramid (BoP). Hence, inclusive businesses have initiated which aim to create and capture mutual value with the BoP (Anthony, 2011). Consequently, the role of inclusivity has become increasingly relevant amongst businesses in the BoP as it is the core of value creation in societies (Nidumolu et al., 2009). Dembek, York and Singh (2018) define inclusivity as the degree to which the value creation and capture mechanisms do not harm and enable all stakeholders to benefit from activities of a business. The emerging relevance of inclusivity has also led to discussion about how it can be achieved. Some scholars argue that (collaborative) product innovation has a critical role in achieving inclusivity. This is because they have the potential to face the unique needs and challenges of poverty whenever they are designed together with local customers and networks (Khavul & Bruton, 2013). Other scholars indicate the relevance of the type of business model in achieving inclusivity (Jun et al., 2013; Foster & Heeks, 2013; Farias & Farias, 2010; Anderson & Kupp, 2008). These scholars argue that inclusivity efforts require a boost from business model innovation as they cannot be realized with merely product innovations or conventional business models (Lovins et al., 1999; Huijben et al., 2016; Lovins et al., 1999). More specifically, they argue that businesses should adopt a model in which value creation in the BoP is considered in a broader sense. This makes a business capable of addressing the complexity of poverty instead of merely satisfying people's unmet material needs. Therefore, this group of scholars argues that additional research is preferable with regard to which business model elements enable inclusive businesses to scale up. However, Brehmer, Podoyntsyna and Langerak (2018) argue that the role of business model elements is relatively exaggerated in the field of scaling up inclusive businesses. This indicates that it remains questionable whether any of the arguments of these scholars are valid in terms of achieving inclusivity.

## 1.2 Objectives and research question

As already mentioned above, Brehmer et al. (2018) argue that the role of business model elements is relatively exaggerated in the field of inclusivity. To be more specific, they found that inclusive businesses have the same business model structures as conventional for-profit businesses and therefore do not play a role in scaling up inclusive businesses. Although Brehmer et al. (2018) have found that the business model structures do not play a role, it is not yet known why inclusive businesses remain relatively small in comparison with conventional for-profit businesses. This is intriguing because Polak (2009) emphasizes the need to understand how inclusive businesses can be scaled up as this limits their societal impact. This indicates the need for an in-depth analysis of how scaling up inclusive businesses is different from scaling up conventional for-profit businesses. Namely, these differences could clarify what contributes to scaling up an inclusive business.

Therefore, the objective of this thesis is to discover the factors that scale up inclusive businesses in a BoP-context. In order to reach this objective, exploratory case studies are conducted at two manufacturing businesses of which one is an inclusive business in a BoP-context (business X) and the other a for-profit business in a developed context (business Y). These case studies provide an in-depth analysis by adopting a broader approach in which the factors, instead of the business model elements, are investigated that contribute to scaling up the businesses. Subsequently, the factors of business X and Y are compared through a cross-case analysis. The aim of this cross-case analysis is to point out the factors that particularly contribute to scaling up business X. To be more specific, comparing the factors of business X and Y is likely to be valuable as the (potential) differences indicate the factors that particularly contribute to scaling up business X. The theoretical relevance of this is that it increases understanding in the field of scaling up inclusive businesses. Also, future researchers can deductively test the factors resulting from this thesis in other industries or regions with a BoP-context in order to determine the generalizability of these factors. For this reason, propositions are formulated at the end of this thesis. The practical relevance is that the findings of this thesis can be utilized as guidelines for scaling up inclusive businesses in BoP-contexts. The need of this is emphasized by that most businesses do not have a frame of reference as there is no well-developed business perspective on how to promote inclusivity in the BoP (Khavul & Bruton, 2013). Following this line of reasoning, the research question can be formulated as: *What are the factors that contribute to scaling up an inclusive manufacturing business in a BoP-context?* In order to answer this research question, this thesis is split into a theoretical part (chapter two) and an empirical part (chapter four). The theoretical part discusses the concepts of the research question that require further explanation. Accordingly, the first subquestion is formulated as follows:

*1. What do the theoretical concepts Bottom-of-Pyramid (BoP), inclusive business and scaling imply in this thesis?*

The first theoretical concept that needs further explaining is Bottom-of-Pyramid (BoP). This is because three different definitions of the BoP exist, namely: BoP 1.0, BoP 2.0 and BoP 3.0. As each of these versions have a different meaning, the first section of the theoretical background (chapter two) is devoted to discussing these definitions ending with a definition of what BoP means in this thesis. In addition, scholars describe the concepts inclusive innovation and inclusive business differently. This indicates the relevance of clarifying what these concepts imply and why this thesis focuses on inclusive businesses instead of inclusive innovation. Therefore, the term inclusive innovation is discussed in the second section and the term inclusive business in the third section of theoretical background. At last, in the fourth section of the theoretical background, it is described what scaling implies within the context of inclusive businesses. More specifically, the definition of scaling is described in section 2.4.1 and section 2.4.2 represents how inclusive businesses can scale up through the dominant value creation drivers of their business activities.

The remaining subquestions are devoted to the empirical part of this thesis. This part is based on two case studies that are conducted at an inclusive business in BoP context (business X) and a for-profit business (business Y) in a developed context. The first subquestion relates to the within-case analyses that are conducted in order to discover the factors that contribute to scaling up business X and Y. The other subquestion is related to the cross-case analysis in which the factors of business X and Y are compared. This is useful because this comparison points out the factors that



particularly contribute to scaling up business X, which supports answering the main research question of this thesis.

*2. What are the factors that contribute to scaling up an inclusive manufacturing business in a BoP context (business X) and a for-profit manufacturing business in a developed context (business Y)?*

Within-case analyses are conducted at business X and Y in an attempt to answer this subquestion. These within-case analyses provide an in-depth examination by adopting a broader approach in which the factors, instead of the business model elements, are uncovered that contribute to scaling up the business X and Y. In order to uncover these factors, this thesis follows the 'Grounded Theory' method of Glaser and Straus (1967). This method is chosen because it can be utilized to discover theory from data. In addition, this method is beneficial to avoid presumptions and biases in order to discover what exactly is going on (Glaser & Straus, 1967). At last, BoP environments lack robust and quantitative data (George et al., 2012) which makes inductive methods such as the grounded theory more appropriate for research in a context like this. The coding process is further described in section 4.1 and the derived factors are represented in section 4.2.

*3. What are the differences between the factors that contribute to scaling up an inclusive manufacturing business in a BoP-context (business X) and a for-profit manufacturing business in a developed context (business Y)?*

In order to answer this subquestion, a cross-case analysis is conducted to point out what the differences are between the factors that contribute to scaling up business X and Y. Comparing the factors of business X and Y is likely to be valuable as the (potential) differences indicate the factors that particularly contribute to scaling up business X, which supports answering the main research question of this thesis. As a result, propositions can also be formulated that future researchers could use in order to determine the generalizability of these factors. For example, they could deductively test if the factors are applicable in other industries or regions with a BoP-context. Lastly, this cross-case clarifies whether scaling up inclusive businesses and for-profit businesses is not different as Brehmer (2018) argue.

### **1.3 Structure of the thesis**

The remainder of this thesis is structured as follows. Firstly, the theoretical background of this thesis is presented in chapter 2. In section 2.1 it is discussed what the BoP implies in this thesis. Then, it is discussed in section 2.2 what inclusive innovation and inclusive businesses imply. This section also discusses the theoretical lens through which inclusive businesses are observed in this thesis. Subsequently, in section 2.4 the concept 'scaling up' is discussed followed with the dominant value creation drivers of Zott and Amit (2010) that can be used to show how business activities add value. This sections ends with describing the (global) challenges for scaling up inclusive businesses.

Secondly, the methodology of this thesis is presented in chapter 3. To be more specific, section 3.1 describes the type of this thesis' methodology. Then, the goal setting and research strategy are discussed in section 3.2 and 3.3 respectively. After that, the case descriptions are discussed in section 3.4. Lastly, the data collection and analysis are presented in section 3.5 and the interview topics in section 3.6.

Thirdly, the findings of this thesis are presented in chapter 4. Section 4.1 provides an overview of the coding process of this thesis. Then, the factors that are derived of the within-case analyses are discussed in section 4.2, ending with a conclusion (subsection 4.2.9) in which the second

subquestion is answered. At last, the findings of the cross-case analysis are represented in section 4.3, ending with a concluding subsection (4.3.5) in which the third subquestion of this thesis is answered.

Lastly, the conclusions of this thesis are presented in chapter 5. In section 5.1, an answer is provided to the research question of this thesis. Then, the limitations of this thesis are provided in section 5.2 together with the recommendations.

## **2. Theoretical background**

This chapter aims to answer the first subquestion through discussing the theoretical concepts that are included in the research question of this thesis. The first section describes what Bottom-of-Pyramid (BoP) comprises. This is done by describing the different types of BoP ending with what it implies in this thesis. The second section is aimed at the theoretical concept 'inclusivity'. More specifically, it is described what inclusive innovations imply in subsection 2.2.1 and what inclusive businesses imply in subsection 2.2.2 and 2.2.3. The third section is aimed at the theoretical concept 'scaling'. In more detail, subsection 2.3.1 describes what scaling implies in this thesis, following with a clarification of how inclusive businesses scale up in subsection 2.3.2 and the (global) challenges that constrain scaling up inclusive businesses in subsection 2.3.3.

### **2.1 BoP 1.0, 2.0 and 3.0**

Initially, the Bottom-of-Pyramid (BoP) comprised the population in the world with the lowest income (Prahalad & Hart, 2002). However, there have been given several more definitions of the term BoP. More specifically, there are scholars who have referred to the BoP as a composition of knowledge and strategies on the topic (Kolk et al., 2014). Moreover, the term BoP is also used to indicate to developing countries where people live in poor circumstances. In this thesis, the BoP implies the latter.

The term BoP has acquired three 'versions' since 2002. The first version, BoP 1.0, focused on adjusting existing products for poor populations so that for example containers and packages with consumer goods were reduced in size. In addition, distribution channels were being expanded (Caneque & Hart, 2015; Arora & Romijn, 2011) in order to be able to deliver more to the BoP. However, some scholars argue that this does not support and potentially even harms the poor (Karnani, 2009). This is because BoP 1.0 merely observes the BoP as a business opportunity and not as a poor population which needs to be supported. In other words, many scholars and practitioners have treated businesses in the BoP as any other conventional business with developing techniques of Western markets (Anderson et al., 2010; Landrum, 2007; Akula, 2008). As a result, a strong focus was on the achieving profit, growth and market development (Cooney & Williams, 2010). More specifically, many of the efforts to improve populations in BoP-contexts were focused on innovation and entrepreneurship to commercialize products with the aim of stimulating market behavior in these areas (Hall, 2014). Although this may improve the quality of life of BoP customers, it is questionable whether it alleviates poverty and it may even generate unhelpful social outcomes in particular instances (Landrum, 2007; Hall et al., 2012). In short, BoP 1.0 observes the BoP as a new opportunity for businesses to tap into unsaturated markets but it is questionable whether this approach is valuable in order to alleviate poverty.

As a result, BoP 2.0 emerged which considers poverty as a complex problem instead of solely needs that need to be fulfilled with a market solution. For example, BoP 2.0 stresses the need of empowerment and local embeddedness in BoP-contexts. In other words, there has been a shift of merely selling to the poor (BoP 1.0) to supporting the poor by engaging them (BoP 2.0). Practical examples of the BoP 2.0 are business co-venturing and the co-creation of new products and services instead of only adapting existing products as what is done in BoP 1.0 (Simanis & Hart, 2008; Arora & Romijn, 2011). In addition, BoP 2.0 focuses more on product diversification instead of market penetration (Bocken et al., 2016). This is because product diversity allows for solutions to the complex problems that arise from poverty. Lastly, the most current version of the BoP, called BoP 3.0, is still emerging (Dembek, 2018). BoP 3.0 extends on BoP 2.0 as this version increases the efforts

of engaging the poor even more and also takes into account concerns regarding the environment (Caneque & Hart, 2015). In summary, BoP 2.0 attempts to support the poor by engaging them instead of only serving them and BoP 3.0 also takes into account concerns with regard to the environment.

To conclude, the first part of the first subquestion of this thesis can be answered. Namely, the BoP 1.0 can be considered as a new opportunity for businesses to tap into unsaturated markets with a focus on market penetration. In contrast, BoP 2.0 and 3.0 observe poverty as a complex problem that needs to be solved through product diversity and including the BoP into a business' activities. This thesis accords with the definition of BoP 2.0 and 3.0 as these versions are more likely to contribute to the alleviation of poverty according to Bocken et al. (2016). Table 1 provides a summary of the different versions of the BoP.

**Table 1 – Different versions of BoP**

	<b>BoP 1.0</b>	<b>BoP 2.0</b>	<b>BoP 3.0</b>
<b>Focus</b>	Market penetration (Caneque & Hart, 2015; Arora & Romijn, 2011).	Product diversification (Bocken et al., 2016).	Product diversification (Bocken et al., 2016).
<b>How</b>	Adjusting existing products in order to be able to deliver more to the BoP (Caneque & Hart, 2015; Arora & Romijn, 2011).	Supporting the poor by engaging them (i.e. business co-venturing or co-creation) (Simanis & Hart, 2008; Arora & Romijn, 2011).	Supporting the poor by engaging them (i.e. business co-venturing or co-creation) and taking into account environmental concerns (Simanis & Hart, 2008; Arora & Romijn, 2011; Dembek, 2018).
<b>Observes the BoP/poverty as</b>	A business opportunity to tap into unsaturated markets (Anderson et al., 2010; Landrum, 2007; Akula, 2008).	A complex problem (Bocken et al., 2016).	A complex problem (Bocken et al., 2016).

## 2.2 Inclusivity

### 2.2.1 Inclusive innovation

Studies in the field of innovation have been paying attention to how innovation stimulates economic growth in developing countries (Polak, 2009; Radjou et al., 2012; Yunus et al., 2010). In particular Western businesses have interests to innovate in developing countries as they provide opportunities to reach untapped markets. This conforms with Prahalad and Hart (2002) who argue that fulfilling the needs in developing markets is an opportunity for wealthy companies to seek their fortunes while creating welfare to the poor. Prahalad and Hammond (2002) strengthen this by arguing that developing markets are continuously becoming more relevant as the markets of wealthy companies mature and saturate. In other words, meeting the needs of developing markets offers businesses an opportunity for a viable future growth. Nonetheless, this profit-driven approach may be challenging to alleviate poverty in developing markets. This is mainly because new businesses engage the poor as consumers, distributors and employees into conventional business models (Dembek et al., 2018). These conventional business models broadly represent how value can be delivered to their customers and how the business can persuade customers to pay for this value (Teece, 2010). In doing

so, businesses in developing countries fail to realize that poverty is a complex problem instead of solely needs that wait for a market solution. This is strengthened by Dembek et al. (2018) who argue that poverty, due to its complexity, is more than individual market inclusion or material wealth. In short, the quality of economic growth achieved through inclusive innovation with a profit-driven approach can be questioned with regard to alleviating poverty.

Inclusive innovation explicitly conceives development in terms of active inclusion of those who are marginalized. In other words, inclusive innovation refers to innovating while supporting groups who are being marginalized (Foster & Heeks, 2013). This is different from the conventional view of innovation which comprises the implementation of, amongst other aspects, new or significantly improved products, processes or marketing in order to achieve generalized economic growth (OECD, 2005). More specifically, inclusive innovation is comprised of an additional element called 'inclusion' alongside to 'novelty'. Thus, inclusive innovation is definable as introducing something new that encourages inclusion and diminishes inequality in society. In addition, inclusive innovation is mainly interpreted in the context of delivering impact in BoP markets through sustainable business models (Anthony, 2011). These types of business models consider value creation in a broader sense as it addresses the complexity of poverty instead of merely satisfying people's unmet material needs (Dembek et al., 2018). Lüdeke-Freund (2010) describes the sustainable business model approach as creating competitive advantages through customer value while stimulating the sustainable development of the focal business as well as its society. In other words, businesses that adopt a sustainable business model should measure their performance by including financial returns as well as welfare-enhancing outcomes (Angeli & Kumar Jaiswal, 2016). Furthermore, the sustainable business model approach defines value in a way so that it includes economic, social and environmental aspects. As a result, the sustainable business model approach is usable in BoP-environments (Bocken et al., 2014). Moreover, George et al. (2012) argue that inclusive innovation is a process as well as a desired outcome. More specifically, they define inclusive innovation as a development and the implementation of novel ideas that strive to form opportunities which aim to improve social and economic benefits for impoverished societies. By pointing out the difference between the process and outcome, George et al. (2012) emphasize that striving for inclusiveness may be valuable although the opportunity is not completely fulfilled. In other words, inclusive innovations are also comprised of innovations which have failed to create the expected outcome despite the intention to be inclusive (George et al., 2012). At last, inclusive innovation comprises all forms of innovation as long as they are newly formed combinations or new to the context they are introduced in. More specifically, introducing an existing innovation from a developed market into a BoP market is also recognized as an inclusive innovation as long as its aim is to benefit this particular market. In conclusion, the definition of inclusive innovation in this thesis is an innovation which is new in the context of BoP markets and which intention is to support marginalized groups in order to diminish inequality by delivering impact through sustainable business models.

### **2.2.2 Inclusive business**

Initiating 'inclusive businesses' is another approach to achieve inclusivity in the BoP and shares many characteristics with inclusive innovations. Inclusive businesses and inclusive innovations both aim to create and capture mutual value with the BoP (Anthony, 2011). In addition, they both follow the line of reasoning of sustainable business models. Namely, creating competitive advantages and thus financial viability in order to form a basis to stimulate development of the focal business as well as its

society (Dembek et al., 2018). Grassl (2012) confirms this by arguing that business models of inclusive businesses should be built on a social mission, generate a positive societal impact and strive for competitiveness on markets. However, the difference between inclusive innovations and inclusive businesses is that inclusive businesses tend to include and let marginalized groups participate in their business activities while this is not always applicable to inclusive innovation. In other words, while inclusive innovations attempt to alleviate poverty by serving innovative products and services, inclusive businesses make these products, or products for other countries, together with marginalized group from the BoP. Dembek et al. (2018) confirm this difference by typifying inclusive innovations as businesses with delivering models that provide access to products or services to the BoP, and inclusive businesses as businesses with sourcing models that are used to source materials, products, and services from the BoP in order to offer them to other markets locally and internationally. Delivering models are characterized by single dominant value creation logic. In other words, they seek to address single need within the BoP, for example lightning (Dembek et al., 2018). This explains why businesses that introduce inclusive innovations tend to penetrate their products and services in the early stage of a business life cycle (Bocken et al., 2016). Sourcing models use dual value creation logics in order to create value for at least two stakeholder groups. More specifically, they create value for customers through providing them the possibility to utilize the product or service, while they create value for the BoP by, amongst other things, increasing their income. Furthermore, sourcing models deal with a defined set of needs in the BoP, for example income, access to markets and skill development (Dembek et al., 2018). This clarifies why inclusive businesses with sourcing models tend to diversify in the early stages in order to solve the complexity of poverty and after that penetrate their target markets (Bocken et al., 2016).

The relevance of including the BoP into business activities and processes is emphasized by the fact that solely performing market activities in BoP-environments may exclude a large part of the BoP as the poor do not participate within the mainstream market (Bocken et al., 2016). Including the BoP in business activities implies that inclusive businesses are mostly localized within the BoP as their employees are marginalized groups from the BoP. This is different from inclusive innovations as they mainly only target these groups. Hiring local employees from the BoP provides new opportunities to achieve social sustainability through increasing social inclusion, offering them fair pay, safe working conditions and access to education and information (Choi & Majumdar, 2014). Establishing the business within BoP-environments is beneficial as short distances decrease complexity of the network relationship. This is relevant because less complexity in network relationships help to refine and improve the overall business model. Subsequently, improved business models also spur expansion of the network (Oskam et al., 2018). Furthermore, Kotha and George (2012) found that firm performance is enhanced when individuals and organizations are embedded in networks of relationships with actors who can provide valuable resources. In summary, inclusive businesses share commonalities with inclusive innovation. However, inclusive businesses are characterized with a sourcing model which comprises that value is delivered to the business' employees from the BoP and also to their customers. Inclusive businesses localized in BoP-environments also benefit from short-distance network advantages that provide opportunities in comparison with businesses that operate from further away and do not benefit from these advantages.

In conclusion, another part of the first subquestion of this thesis can be answered. Namely, inclusive businesses and inclusive innovations both aim to create and capture mutual value with the BoP (Anthony, 2011). In addition, they both aim to stimulate the development of the focal business as well as its society. However, they attempt to alleviate poverty differently. More specifically,

businesses that introduce inclusive innovations create and offer products and services for the BoP while inclusive businesses create and offer products and services with and for the BoP . Inclusive businesses do this by including and involving and the BoP into the business’ activities . Another difference comprises that inclusive innovations are associated with delivering models that provide access to products or services to the BoP, and inclusive businesses with sourcing models that are used to source materials, products, and services from the BoP in order to offer them to (other) markets locally and internationally (Dembek et al., 2018). In addition, inclusive innovations are characterized with single dominant value creation logics (Dembek et al., 2018) which implies that they address a single need in the BoP. This explains why businesses that introduce inclusive innovations tend to penetrate their products and services in the early stage of a business life cycle (Bocken et al., 2016). In contrary, inclusive businesses utilize dual value creation logics (Dembek et al., 2018) in order to create value for customers and also the BoP. They do this by diversifying in the early stages in order to solve the complexity of poverty (Bocken et al., 2016). This thesis accords with the perspective of inclusive businesses because solely performing market activities in BoP-environments may exclude a large part of the BoP as the poor do not participate within the mainstream market (Foster & Heeks, 2013). Inclusive businesses mitigate this issue by including the BoP into their business activities (Bocken et al., 2016). Table 2 provides a summary of the characteristics of inclusive innovations and inclusive businesses.

**Table 2 – Inclusive innovation and inclusive business**

	<b>Inclusive innovation</b>	<b>Inclusive business</b>
<b>Aim</b>	Create and capture mutual value with the BoP (Anthony, 2011)	create and capture mutual value with the BoP (Anthony, 2011)
	Stimulate development of the focal business as well as its society (Dembek et al., 2018)	stimulate development of the focal business as well as its society (Dembek et al., 2018)
<b>Alleviate poverty through</b>	Creating and offering products and services <i>for</i> the BoP (Dembek et al., 2018).	Creating and offering products and services <i>with and for</i> the BoP (Dembek et al., 2018).
<b>Type of business model</b>	Delivering model (Dembek et al., 2018)	Sourcing model (Dembek et al., 2018)
<b>Type of value creation</b>	Single dominant value creation logic (Dembek et al., 2018)	Dual value creation logics (Dembek et al., 2018)
<b>Business strategy</b>	Businesses that introduce inclusive innovations tend to penetrate their products and services in the early stage of a business life cycle (Bocken et al., 2016).	Inclusive businesses tend to diversify in the early stages in order to solve the complexity of poverty and after that penetrate their target markets (Bocken et al., 2016).

**2.2.3 The theoretical lens of inclusive businesses in this thesis**

The theoretical lens adopted in this thesis is based on what Dembek et al. (2008) describe as a sustainable business model. This is because a sustainable business model accords with the definition of BoP 2.0 as described in section 2.1. To repeat, BoP 2.0 considers poverty as a complex problem instead of an impoverished population that only waits for a market solution to satisfy their unfulfilled needs. Also, BoP 2.0 stresses the need of empowerment and local embeddedness in order to develop impoverished populations in BoP-contexts. These requirements seem to be met by a sustainable business model because the definition of Dembek et al. (2008) for it is “*a business model that creates*

*competitive advantage through superior customer value and contributes to a sustainable development of the company and society*". This definition consists of two parts. The first part of the definition "*a business model that creates competitive advantage through superior customer value*" indicates how a sustainable business creates value, namely through delivering superior customer value which most likely implies delivering the best customer value possible. So far, it is not that different from conventional business models that aim for competitive advantages. However, the second part "*and contributes to a sustainable development of the company and society*" indicates the difference between conventional and sustainable business models. More specifically, sustainable business models create value for customers, but they also create value for various other stakeholders and the environment (Stubbs & Cocklin, 2008; Bocken et al., 2014; Abdelkafi & Täuscher, 2016). In addition, this part of the definition implies that sustainable business models take into account non-financial forms of value, for example environmental and social value (Boons et al., 2013; Bocken et al., 2014; Boons & Lüdeke-Freund, 2013). At last, sustainable business models do not merely consider the amount of value created, but also the business decisions that destroy value in other fields. In short, this thesis adopts a theoretical lens based on what Dembek et al. (2008) describe as a sustainable business model because this definition is in accordance with BoP 2.0 as it takes into account the value created for all stakeholders and the environment instead of only the focal business.

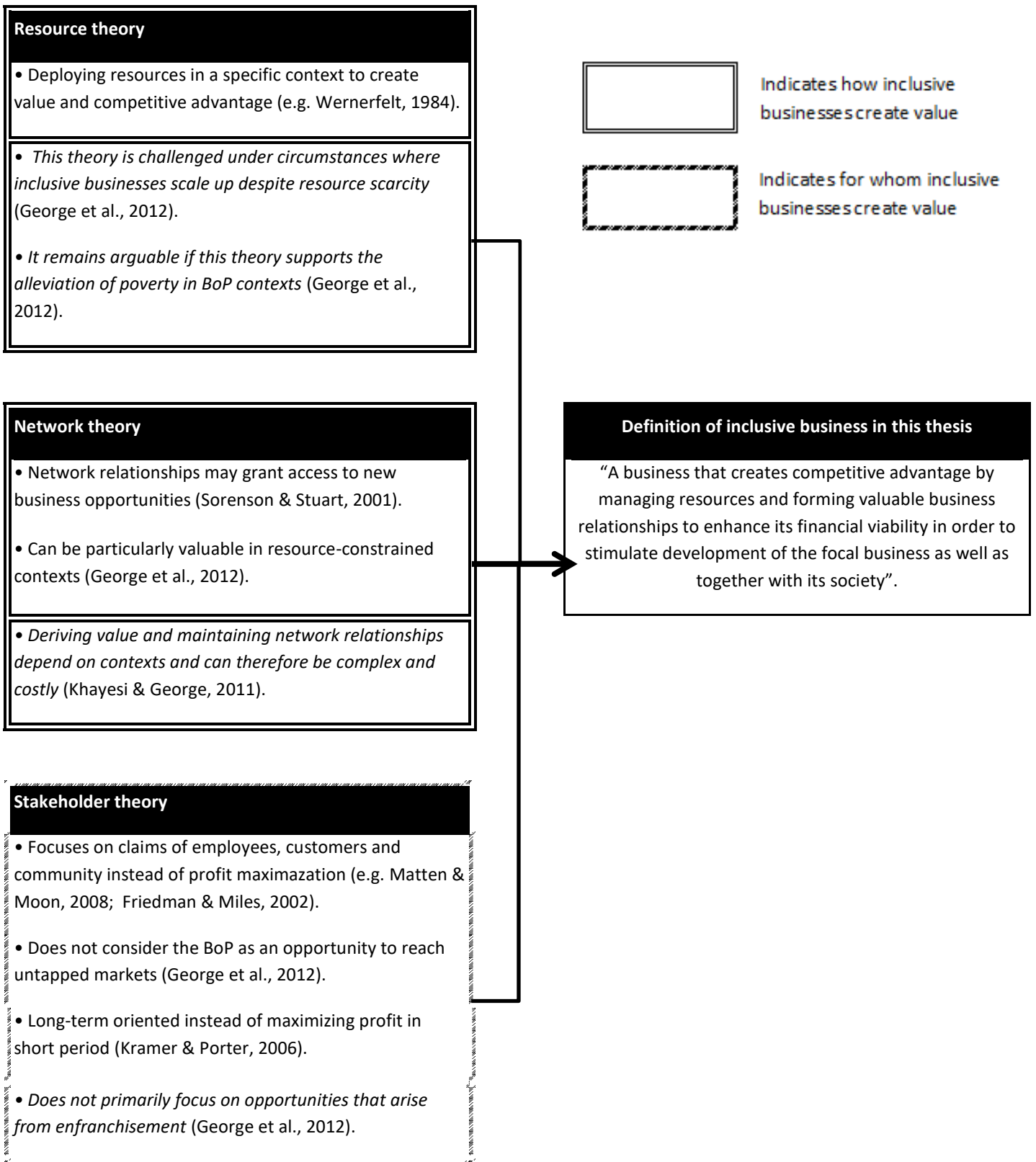
However, this theoretical lens of this thesis is not entirely based on the definition of Dembek et al. (2008). This is because of several reasons. Firstly, Dembek et al. (2008) writes about sustainable business models while this thesis is based on factors that contribute to inclusive businesses to scale up. In other words, although inclusive businesses are likely to adopt a sustainable business model, it is not the subject of this thesis and so the definition of the theoretical lens of this thesis has to be changed also. Secondly, the definition of Dembek et al. (2008) includes the following part "*..that creates competitive advantage through superior customer value*". However, it is not clear how this customer value is achieved. In this research, an attempt is made to clarify this by reviewing existing theories that could be applicable here. It has become apparent that two theories explain how this customer value is achieved by inclusive businesses in BoP-contexts: the theory of resource assembly, deployment, and development and the theory of social and organizational networks. For the sake of being concise, these theories are now called respectively resource theory and network theory. The resource theory stresses the importance of managing resources in achieving 'superior customer value'. For example, inclusive businesses can create 'superior customer value' by deploying resources in a specific context to create value and competitive advantage (George et al., 2012). However, this theory is challenged under circumstances where inclusive businesses scale up despite resource scarcity. Moreover, it remains arguable if this theory supports the alleviation of poverty in BoP contexts. This is because the resource theory considers inclusive businesses as if they only exist in the context of BoP 1.0 as its main focus is on introducing resources and products into BoP contexts. Furthermore, the network theory emphasizes the relevance of business relationships in order to create 'superior customer value'. More specifically, network relationships may grant access to new business opportunities. These can be particularly valuable in the BoP because these business opportunities may relieve some of the constraints in resource-limited contexts. Nonetheless, deriving value and maintaining network relationships depend on contexts and can therefore be complex and costly. To summarize, the definition of inclusive businesses in this thesis accords with the resource theory and network theory despite the challenges they have with regard to inclusivity and BoP-contexts.



Next to the resource and network theory, the stakeholder theory is added to the definition of inclusive businesses in this thesis. This theory does not indicate how but rather for whom inclusive businesses create value. In more detail, the stakeholder theory emphasizes the importance of focusing on claims of employees, customers and community (Matten & Moon, 2008). In addition, this theory attaches more value to business decisions that are long-term oriented instead of business decisions that maximize profit in short period (Kramer & Porter, 2006). Moreover, unlike the resource theory, this theory does not consider the BoP as an opportunity to reach untapped markets (George et al., 2012). Instead, inclusive businesses have to take into account the created value for all stakeholders in the area they are operating in. Therefore, the stakeholder theory accords more with BoP 2.0 than with BoP 1.0. Nonetheless, the stakeholder theory does not primarily focus on opportunities that arise from achieving inclusivity and enfranchisement in the BoP (George et al., 2012). To conclude, the network theory tends to emphasize more for whom inclusive businesses create value rather than how they should create value. To conclude, the definition of inclusive businesses in this thesis conforms to stakeholder theory as this theory poses that inclusive businesses should create value for all stakeholders instead of merely the focal business.

So far, the definition of an inclusive business in this thesis is constituted of the resource, network and stakeholder theory. It can be argued that this definition contains theory triangulation as multiple theoretical lenses are utilized (Denzin, 2006) in order to interpret what an inclusive business comprises. This is in particular relevant in this thesis, because every theoretical lens has its own strengths and challenges to achieve inclusivity. Therefore, they are combined in order to mitigate weaknesses with the strengths of other theoretical lenses, see figure 1. As a result, the following definition can be derived from what is considered an inclusive business in this thesis: *“a business that creates competitive advantage by managing resources and forming valuable business relationships to enhance its financial viability in order to stimulate development of the focal business as well as together with its society”*. The first part of this definition *“a business that creates competitive advantage by managing resources and forming valuable business relationships”* reflects the resource and network theory. More specifically, it shows how inclusive businesses generate value, namely through creating competitive advantage by managing resources and forming network relationships. The second part *“to enhance its financial viability”* indicates the importance of the financial aspect for an inclusive business in order to sustain. This conforms to Polak (2009) who argues that financial viability allows businesses with a social mission to achieve larger scale social impact. This is strengthened by Angeli and Kumar Jaiswal (2016) who argue that inclusive businesses should measure their performance by including financial returns as well as welfare-enhancing outcomes (Angeli & Kumar Jaiswal, 2016). At last, the last part of the definition *“in order to stimulate development of the focal business as well as together its society”* reflects the stakeholder theory. To be more specific, it shows for whom inclusive businesses generate value, namely for the business and its society. The word ‘together’ indicates that inclusive businesses create value together with its society which emphasizes its difference with inclusive innovations and the non-financial forms of value that it creates. In other words, inclusive innovations attempt to alleviate poverty by offering innovative products and services while inclusive businesses make these products together with marginalized groups from the BoP. Dembek et al. (2018) confirm this difference by typifying inclusive innovations as business with delivering models that provide access to products or services to the BoP, and inclusive businesses as businesses with sourcing models that are used to source materials, products, and services from the BoP in order to offer them to other markets locally and internationally.

In conclusion, the second part of the first subquestion of this thesis can be answered. More specifically, the definition of an inclusive business in this thesis resembles what Dembek et al. (2018) describe as a sustainable business model. However, this thesis slightly adapts the definition of Dembek et al. (2018) as it is not entirely clear how customer value is achieved. Therefore, an attempt is made to clarify this by reviewing existing theories. It has become apparent that two theories explain how this customer value is achieved by inclusive businesses in BoP-contexts: resource theory and network theory. In addition, the network theory described for whom value is created. Combining multiple theories creates theory triangulation (Denzin, 2006). This is in particular relevant in this thesis, because every theoretical lens has its own strengths and challenges to achieve inclusivity. For this reason, they are combined in order to mitigate weaknesses with the strengths of other theoretical lenses. In this thesis, an inclusive business can be defined as follows: *“a business that creates competitive advantage by managing resources and forming valuable business relationships to enhance its financial viability in order to stimulate development of the focal business as well as together with its society”*. Figure 1 provides a representation of how this thesis’ definition of an inclusive business is formed.



**Figure 1 – The formation of the theoretical lens of this thesis**

## 2.3 Scaling

### 2.3.1 Scaling up inclusive and for-profit businesses

In general, the scaling-up phase comprises to the period between the development phase of a business and the mature phase (Porter, 1998; Dembek et al., 2018). The relevance of scaling up for-profit businesses is apparent from the economies of scale that can be achieved, the savings of costs through reduced costs in for example marketing and loans (Silberston, 1972). In addition, scaling up is also relevant for inclusive businesses as many are characterized by a sourcing model which generates value through scale (Dembek et al., 2018). Inclusive also need to scale up in order to increase their societal impact (Polak, 2009). Inclusive businesses, mainly with a sourcing model, tend to diversify in the early stages in order to solve the complexity of poverty and after that penetrate their target markets. The next paragraph focuses on scaling up inclusive businesses and the paragraph after that on conventional for-profit businesses. In order to define scaling up inclusive businesses, this thesis draws on literature about scaling up NGOs (non-governmental organizations) as there is a lack of research in the field of scaling up inclusive businesses (Bocken et al., 2016).

Uvin and Miller (1996) define four different types of scaling for NGOs which are also potentially applicable to inclusive businesses as they take into account the social outreach and (sustainable) impact of a business: quantitative scaling, functional scaling, political scaling and organizational scaling. Quantitative scaling is to what scaling is mostly referred (Bocken et al., 2016). More specifically, quantitative scaling can be described as the process of increasing the amount of customers, or in a broader sense, the amount of members involved. Functional scaling implies expanding the amount and type of activities. In doing this, businesses transform their activities from merely delivering a product or service to a businesses that offers an entire system of supporting marginalized groups. Political scaling means that a business moves from product or service delivery to empowerment and change in the causes of underdevelopment. Organizational scaling refers to creating additional activities that generate income and diversifying the amount and sources of subvention. Polak (2009) strengthens this by arguing that financial viability allows businesses with a social mission to achieve larger scale social impact. At last, Murray et al. (2010) view the process of scaling up as diminishing a gap between the ideal and real conditions within BoP. To conclude, in order to achieve large scale social impact, inclusive businesses can be scaled up through quantitative scaling, functional scaling, political scaling and organizational scaling in order to diminish the gap between ideal and real condition within the BoP.

Scaling up a conventional for-profit business usually refers to growing a business in terms of sales during the business lifecycle and therefore mainly focuses on monetary value capturing (Bocken et al., 2016). A widespread typology for this is the growth matrix of Ansoff (Ansoff, 1988). The matrix consists of four strategies to scale up businesses, namely: market penetration, market development, product development and diversification. Market penetration means that customers increase their frequency of purchase. Market development implies increasing sales by introducing the same products to new markets. Product development means that businesses increase their sales by introducing new products on current markets. At last, diversification implies that a conglomerate is created (different markets and different business activities). In short, for-profit businesses tend to focus on monetary value capturing by focusing on one of the four strategies proposed in Ansoff's growth matrix.

To conclude, another part of the first subquestion can be answered. Namely, the main focus of scaling up inclusive businesses is to enlarge social outreach and sustainable impact. Scaling up

inclusive businesses can be divided into four types: quantitative scaling, functional scaling, political scaling and organizational scaling (Uvin & Miller, 1996). Quantitative scaling implies the process of increasing the amount of customers, or in a broader sense, the amount of members involved. Functional scaling refers to expanding the amount and type of activities. Political scaling means that a business moves from product or service delivery to empowerment and change in the causes of underdevelopment. Lastly, organizational scaling refers to creating additional activities that generate income and diversifying the amount and sources of subvention (Bocken et al., 2016). In contrary, the main reason to scale up for-profit businesses is to enlarge monetary value capturing possibilities (Bocken et al., 2016). Ansoff (1988) describes four types of scaling up for-profit businesses: market penetration, market development, product development and diversification. Market penetration is a strategy to increase customers’ frequency of purchase. Market development implies increasing sales by introducing current products to new markets. Product development means that businesses increase their sales by introducing new products on current markets. At last, diversification implies that a business focuses on creating a conglomerate (different markets and different business activities). Table 3 provides a summary of the different types of scaling up inclusive businesses and for-profit businesses.

**Table 3 – Types of scaling up inclusive and for-profit businesses**

	<b>Scaling up inclusive business (Uvin &amp; Miller, 1996).</b>	<b>Scaling up for-profit business (Ansoff, 1988).</b>
<b>Type 1</b>	Quantitative scaling - increase the amount of customers or members involved	Market penetration – Increase the frequency of purchase of current products on current markets.
<b>Type 2</b>	Functional scaling - expand the amount and type of activities.	Market development – Increase sales by introducing current products to new markets.
<b>Type 3</b>	Political scaling - move from product or service delivery to empowerment and change in the causes of underdevelopment.	Product development – Increasing sales by introducing new products on current markers.
<b>Type 4</b>	Organizational scaling - to creating additional activities that generate income and diversifying the amount and sources of subvention.	Diversification – Focus on creating conglomerate (different markets and business activities).
<b>Main focus</b>	Social outreach and sustainable impact of a business.	Monetary value capturing (Bocken et al., 2016).

### 2.3.2 The dominant value creation drivers of Zott and Amit (2010)

Zott and Amit (2010) have described four different 'design themes' that characterize the dominant value creation drivers of a business' activities. These dominant value creation drivers are: novelty, lock-in, complementarities and efficiency and show how particular activities add value to the business and thus allow it to scale up (Zott & Amit, 2010). In addition, this approach is common in the field of research regarding inclusivity (Angeli & Jaiswal, 2016; Dembek et al., 2018) which emphasizes the suitability for this thesis also. The dominant value creation drivers are separately discussed below:

- *Novelty*. This design theme creates value by adopting new activities, combining activities in new orders or governing activities differently (Zott & Amit, 2010). In other words, this design theme indicates the value that is created by adopting innovative aspects into the business.
- *Lock-in*. An activity system can be designed in order to enlarge lock-in capabilities of a business (Zott & Amit, 2010). To be more specific, this activity system results into increased power of a particular business model to keep business model participants attracted. There are several ways to do this. For example, a business has increased lock-in capabilities when they use switching costs for their service. Another example is that customers are dependent on the focal business because of its network.
- *Complementarities*. This design theme implies the presence of more value whenever separate activities are bundled (Zott & Amit, 2010). More specifically, many activities of an activity system might seem irrelevant when they are viewed in isolation. However, if they are combined in a particular way they may be adding value to the focal business.
- *Efficiency*. Efficiency represents how businesses utilize their activity system in order to achieve better efficiency by reducing transaction costs (Zott & Amit, 2010). There are multiple options for this. For example, a business can try to lower transaction costs by outsourcing particular activities to third parties which allows the focal business to increase standardization in their production processes. Also, activities within activity systems can be rearranged in such a way that it results into more efficiency within the business.

In conclusion, the last part of the first subquestion can be answered. Namely, the dominant value creative drivers (or design themes) of Zott and Amit (2010) indicate how particular activities add value to the business and thus allow it to scale up. These dominant value creation drivers are: novelty, lock-in, complementarities and efficiency. Figure 2 provides an overview of them.

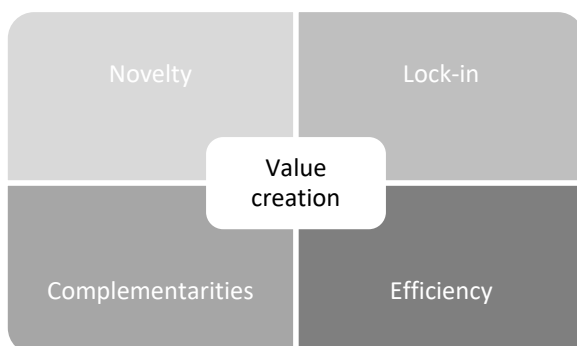


Figure 2 – Dominant value creation drivers of Zott and Amit (2010)

### **2.3.3 (Global) challenges for scaling inclusive businesses**

Globalization results into larger international possibilities. However, it also causes larger competition as businesses have to compete with globalized markets. Businesses initiated by people in the BoP experience these constraints more than other businesses as they have less developed infrastructure, technology access, government regulations and human capital (George et al., 2012). As a result, businesses in the BoP face the constraints of globalization while they do not benefit from the advantages. George et al. (2012) describe these challenges as dualities that can either constrain and thus deteriorate poverty or provide opportunities that allow poor environments to develop. In other words, poverty in BoP-environments can be mitigated by inclusive businesses if they cope with these (global) challenges properly (Sachs, 2005). Hence, it is defined as a 'challenge' because they may be experienced as obstacles that hinder the alleviation of poverty, while they can also provide incentives to manage and improve conditions in a BoP-environment. However, the resource-based theory also provides a view of the challenges within the BoP. This theoretical lens proposes that businesses can secure resources that are valuable in a specific context and allow a business to gain competitive advantages. For example, a lack of know-how may constrain the development within a BoP-environment, but they will be likely to develop whenever knowledge is transferred from other places to these BoP-environments. Namely, knowledge can be useful in particular within the BoP environment as in this specific context no other businesses may have it (Richardson, 2008). Another example is that a lack of know-how may cause employees to be incapable of working with novel technologies, but a business will be experience increased effectiveness whenever these employees are educated and use these novel technologies. In conclusion, addressing global challenges regarding technology access, government regulations, human capital and resource access determine whether a BoP-environment is expected to develop or remain marginalized.

Governments often recognize the relevance of addressing challenges concerning poverty. As a result, it is not uncommon for governments to provide subsidies to inclusive businesses. They reason that subsidies encourage the initiation of more inclusive businesses and thus function as a means to alleviate poverty. However, when governments provide subsidies they could either improve or deteriorate BoP-environments (Dutt et al., 2011). More specifically, governments should carefully investigate at the goals intentions of the inclusive businesses, preventing the risk that entrepreneurs gain funds solely for the sake of surviving in an economy of high unemployment. This is strengthened by Nelson (1993) who argues that a business' capability to develop is a function of government support and business goals. In addition, governments should pay attention to the fact that developed inclusive businesses can easily be seen as more legitimate and fruitful. Hence, they are more likely to attract subsidies and other sponsorships (CORFO, 2005). This bears the risk that less developed inclusive businesses have a smaller chance of retrieving financial support because it has already been provided to developed inclusive businesses. As a result, governments might worsen poverty because providing funds to developed inclusive businesses increases competition within BoP-environments which makes it harder for new inclusive businesses to initiate (Dutt et al., 2011). In short, although governments have to keep paying attention to the inclusive business' intentions and capability to operate without financial support, the initiation of inclusive businesses can be encouraged and facilitated by subsidies of governments.

### **3. Methodology**

In this chapter, the methodology of this thesis is discussed in section 3.1. Then, the goal setting is described in section 3.2 following with the research strategy in section 3.3 in which is also argued why the cases are particularly valuable for this thesis. Subsequently, in section 3.4 the cases are elaborated in section 3.4.1 for the inclusive business and in 3.4.2 for the for-profit business. At last, the data collection and analysis methods are discussed in section 3.5 and the interview questions in section 3.6.

#### **3.1 Type of methodology**

Empirical differences between BoP-environments and developed environments have influence on the appropriateness of the methodology (George et al., 2012). More specifically, there is less robust and quantitative data available about businesses in emerging contexts. As a result, this research has to rely on qualitative methods. Therefore, a qualitative research strategy has been opted in order to uncover the factors that contribute to scaling up inclusive businesses. To be more precise, an exploratory case study is conducted consisting of two within-case analyses at an inclusive manufacturing business in a BoP-context (business X) and at a for-profit business in a developed context (business Y). This is done in order to understand to which factors they attribute their growth. In order to uncover the factors that contribute to scaling up inclusive businesses, this research adopts the activity system approach of Zott and Amit (2010). The approach allows for a systemic perspective on the activities that happen inside a business model. In addition, this perspective surpasses organizational boundaries and therefore provides a view of the actors and activities involved in the business activities. This is relevant because a full view is required in order to address the complexity of poverty (Dembek et al., 2018), which makes it in particular valuable for the analysis of businesses within the BoP (Hart & Sharma, 2004).

#### **3.2 Goal setting**

Achieving inclusivity is the core of value creation within societies. Various scholars have argued that product innovation is needed to achieve inclusivity (Polak, 2009; Radjou et al., 2012; Yunus et al., 2010). Other scholars reject this by claiming that product innovations fail to realize the complexity of poor environments as they only satisfy people's unmet material needs. Instead, these scholars argue that business model innovations are required in order to achieve sustainability. However, Brehmer et al. (2018) have found that the relevancy of the type and elements of business models is relatively exaggerated in the field of inclusive businesses. This is because inclusive business models have the same structures as conventional for-profit businesses. For this reason, the objective of this thesis is to uncover factors that contribute to scaling up an inclusive business. The theoretical relevance of this is that it increases understanding in the field of scaling up inclusive businesses. Also, future researchers can deductively test the factors resulting from this thesis in other contexts and industries in order to determine the generalizability of these factors. The practical relevance is that the findings of this thesis can be utilized as guidelines for scaling up inclusive businesses. The need of this is emphasized by that most businesses do not have a frame of reference as there is no well-developed business perspective on how to promote inclusivity in the BoP (Khavul & Bruton, 2013).



### 3.3 Research strategy

The research strategy to reach the objective of this thesis consists of several phases. Firstly, a within-case analysis is conducted at an inclusive manufacturing business that has scaled up. Secondly, a within-case analysis is conducted at a for-profit manufacturing business that has scaled up. It is relevant for this thesis to select cases with businesses that have proven to be able to scale up. Therefore, this thesis is based on a scaled-up for-profit business (business Y) and a scaled-up inclusive business (business X). Business Y is established in Saint Petersburg in Russia (developed context) and business X in Durban in South Africa (a BoP context). The company in South Africa, business X, is chosen because it is established in a large impoverished population which is understudied in the context of BoP research (Kolk et al., 2014). This area has become increasingly poor in the last 35 years (Dasgupta, 2010), which emphasizes the need to study this area. Moreover, business X is selected by the following criteria as these conform to the definition of an inclusive business in this thesis:

- Creating competitive advantage while stimulating the sustainable development of the business as well as society;
- Measure their performance by including financial returns as well as welfare-enhancing outcomes;
- Addresses the complexity of poverty instead of merely satisfying people's unmet material needs;
- Engages local and newly hired employees from the BoP in the activities of their business processes.

The company in Saint Petersburg, business Y, is mainly chosen because of its similarities with business X. More specifically, the businesses are both joint-ventures, have been initiated simultaneously, operate within the same industry, conduct similar business activities, have recently entered the maturity phase (+10 years, Bocken et al. (2016)), are both partly financed by subsidies from The Netherlands and have achieved similar financial growth since their initiation. At last, a cross-case analysis is conducted in order to point out the difference between the uncovered factors that contribute to scaling up a for-profit and inclusive business. Also, propositions are formulated that can be used for future researches that want to test the external validity of this thesis' findings.

Nonetheless, including business X and Y implies that this thesis uses a convenience sample as these businesses are easy to contact and reach. This entails some representativeness issues due to sampling errors. Namely, the findings of this thesis could be influenced by contexts as the cases are based on businesses from different countries. It would be more representative to analyze multiple inclusive businesses from South Africa. However, the findings of Brehmer et al. (2018) call for the need of comparing a for-profit business with an inclusive business. More specifically, they found that inclusive businesses have likewise business model structures as conventional for-profit businesses and therefore do not play a role in scaling up inclusive businesses. Although Brehmer et al. (2018) have shown that the business model structures do not play a role, it is not yet known why inclusive businesses remain relatively small in comparison with conventional for-profit businesses. This is intriguing because Polak (2009) emphasizes the need to understand how inclusive businesses can be scaled up. Namely, the societal impact of inclusive businesses is limited when they remain small. This indicates the need for an in-depth analysis of how scaling up inclusive businesses is different from scaling up conventional for-profit businesses. For this reason, business X and Y are included into the case study of this thesis.

### **3.4 Case descriptions**

Additional information regarding the cases is provided in section 3.4.1 about the inclusive business and in 3.4.2 about the for-profit business. A division has been made between the problem description, business opportunity and their business objective.

#### **3.4.1 Business X – An inclusive manufacturing business in South-Africa**

During various bilateral business and private meetings, the CEO of business X's parent company and the managing director of the supplier of business X's parent company (business Z) discussed the possibility of starting the first stand-alone tool-shop in South Africa for high quality refurbishment and production of complex injection moulds.

##### *Problem description:*

The South African (plastic) packaging market is well developed, typified as “a first world market in a third world country”. However the mould-making industry is still an underdeveloped sub-sector in the entire packaging supply chain. Consequently, South African mould-makers strongly depend on foreign (distant) high quality tool-shops to repair and maintain their complex and expensive injection moulds.

##### *Business opportunity:*

The goal of business X is to become South Africa's first stand-alone tool-shop will not be reached without a strategic knowledge partner. Business Z on the other hand was looking for a strategic partner to establish a solid position on the South African market to consolidate and expand its international market positioning strategy. Considering their excellent and long-term relationship, since 2002, and matching ambitions and strategy, business Z and business X made the perfect match to start the first high quality stand-alone tool-shop in South Africa. Consequently, South African mould-makers will not be depending anymore on distant service contracts and foreign injection mould manufacturers. The project will add value to the South African packaging value chain in general and develop the mould making industry in particular. Once the pilot project is in operation and successful, the partners will increase production capacity by investing in new technologies. As a result, they are able to manufacture larger volumes and develop its position in the South African plastic packaging industry and other (emerging) markets in the Southern Hemisphere.

##### *Business objective:*

The partners will transform the current business X into a joint venture with business Z. This new company will contract eleven new high level full time employees and equip a modern tool-shop able to stand on its own. The main objective of the joint venture is to integrate and secure a CSR strategy and set an example in the industry.

### **3.4.2 Business Y – A for-profit business in a developed context**

#### *Problem description:*

Russian plastic processing businesses depended on overseas mould-making companies because craftsmanship is required to manufacture, maintain and repair high-quality moulds. Russian tool-shops could not comply with the required accuracy to maintain and repair these type of moulds. Consequently “Russian” moulds are sent around the world for maintenance and repair.

#### *Business opportunity:*

The international mould-making industry is limited. There are only eight international mould manufactures in Germany, Canada, Switzerland and Denmark. However, international competition is becoming more intense considering the increasing demand for high quality plastic packaging products. This is emphasized by the fact that the Russian packaging industry grew with an amount of 53 percent between 1999 and 2003, which amounts more than 10 percent annum. In addition, it was expected continue to grow with an additional 10 – 12 percent per year till 2009. Moreover, companies like Unilever and Kraft Foods have entered the Russian market and create an immediate demand for high quality (plastic) packaging products. At last, local production is increasing and is replacing imports of plastic packaging products. All this in combination with the fact that 36 percent of the packaging products is made of plastic, represented a great opportunity for business Y to start a business in Russia.

#### *Business objective:*

Considering the present business opportunity and a reliable and long-lasting business relation, business Z and the parent company of business Y decided to start a stand-alone tool-shop in St. Petersburg called business Y. The initial business objective of business Y is to offer local maintenance and repair services and eventually it will manufacture complex high-quality injection-moulds. business Z and the parent company of business Y will establish a 30% - 70% joint venture to start a pilot project. The pilot is considered a success if the tool-shop is able to comply with EU-level quality. Soon after achieving the required quality level the joint venture will expand and diversify.

### **3.5 Data collection and analysis**

The data of this case study is collected through observations and semi-structured interviews. These are conducted until theoretical saturation is reached. Theoretical saturation assures that sufficient respondents are interviewed which improves the representativeness of this thesis. These data sources are represented in appendix A and B together with their key informants and their role relating to business X and Y. The semi-structured interviews and observations are narrowed down in respectively transcripts and events. These are not included in this thesis because of confidentiality reasons. Then, the transcripts and events are divided in fragments and subsequently coded with the 'Grounded Theory method' (GTM) of Glaser and Straus (1967) in order to derive factors that contribute to scaling up business X and Y. This method is chosen because it can be utilized in order to discover theory from data. In addition, this method is beneficial to avoid presumptions and biases in order to discover what exactly is going on (Glaser & Straus, 1967). Moreover, BoP environments lack robust and quantitative data (George et al., 2012) which make inductive methods such as the grounded theory appropriate for research in a context like this. The GTM consists of three phases: open coding, axial coding and selective coding. The phases are discussed below:

#### *Phase 1 - Open coding*

In the first phase, the transcripts and events are divided into fragments of text. After that, open codes are assigned that represent each of the fragments. This conforms to Strauss and Corbin (1982) who argue that open coding is the starting point of the coding process. Every fragment is read multiple times in order to capture the key concepts through which these fragments can be identified. Any fragment at least has one open code, but sometimes multiple open codes are assigned, indicating that a particular fragment contains multiple concepts.

#### *Phase 2 - Axial coding*

The second phase of a coding process is the axial coding phase. Babbie (2016) describes axial coding as the phase where one has to identify the essential concepts in the thesis. In order to do this, the findings of the open coding have to be used. More specifically, the axial coding phase is about regrouping the data through the use of open codes that are derived in the first phase of the coding process.

In addition, the axial codes are combined with the design themes as proposed by the activity system perspective of Zott and Amit (2010) in appendix D and E. This is done in an attempt to determine how they add value for the particular business and thus allow it to scale up. As already described in section 2.3.2, the design themes of Zott and Amit (2010) are characterized with the following dominant value creation drivers: novelty, lock-in, complementarities and efficiency.

### *Phase 3 - Selective coding*

The third and last part of the coding process is the selective coding phase. According to Babbie (2016), this phase is intended to find the core concept in the thesis. The core concept implies the one code to which all other codes relate. This is done by restructuring the axial codes that are formulated in the previous phase.

### **3.6 Interview questions**

In-depth interviews are conducted in which open questions are asked. The information from the literature review in this thesis is utilized in order to create interview questions. During the interviews these questions will be asked in any way, but the respondents also have the option to provide additional information during the interview. In this way, all possible factors are sought for that contribute to scaling up an inclusive business. This has a positive influence on the internal validity of this thesis. In addition, if it turns out that questions are misunderstood and misinterpreted by the respondents, then they are reformulated in an attempt to improve the clarity of them. This way, the reliability of the measuring instrument (the interview questions) improves. At last, the definition of an inclusive business in this thesis has been taken into account with formulating the interview question. To repeat, the definition of an inclusive business in this thesis is: *“a business that creates **competitive advantage** by **managing resources** and forming valuable **business relationships** to enhance its **financial viability** in order to stimulate **development of the focal business as well as together with its society**”*. In this definition there are several parts marked in bold that capture the essence of the definition: competitive advantage, managing resources, business relationships, financial viability and the development of the business and its society. Therefore, these parts are used as over-all subjects for the interview questions. The interview subjects and the belonging interview question are represented in appendix C (the interview questions are a non-exhaustive list).

## **4. Findings**

In this chapter, the second subquestion is answered in section 4.2 and third subquestion in section 4.3. The outline of this chapter is as follows: section 4.1 provides a representation of this thesis' coding process. After that, the within-case analyses are discussed in section 4.2.1 till 4.2.4 for business X and in section 4.2.5 till 4.2.8 for business Y, ending with a conclusion of the within-case analyses in section 4.2.9. Lastly, the cross-case analysis is discussed in section 4.3. This section shows the factors that add value through novelty, lock-in, complementarities and efficiency in subsection 4.3.1 till 4.3.4 respectively. This section also discusses the propositions that arise from the cross-case analysis.

### **4.1 The coding process**

The interviews and observations are narrowed down in respectively transcripts and events. Subsequently, the transcripts and events are divided into fragments of text and coded with the 'Grounded Theory method' (GTM) of Glaser and Strauss (1967) in order to derive factors that contribute to scaling up business X and Y. The GTM consists of three phases: open coding, axial coding and selective coding. The phases are discussed below together with some examples to clarify the coding process of this thesis.

#### *Phase 1 - Open coding*

The first phase of this thesis' coding process is open coding. This conforms to Strauss and Corbin (1982) who argue that open coding is the starting point of the coding process. Firstly, the transcripts and events are divided into fragments of text. Then, every fragment is read multiple times in order to capture the key concepts through which these fragments can be identified. It is relevant to take the context into account as the fragment itself does not always reflect what the respondent really implies. Any fragment has at least one open code, but sometimes multiple open codes are assigned. This indicates that a particular fragment contains multiple concepts. The second column of the coding format in appendix D and E represents the open codes for business X and Y respectively. Table 4 provides several examples that clarify the open coding process.

**Table 4 – Examples of fragments with open codes**

Fragment	Open coding
“What I also find important is new fresh blood in the business. New ideas, new looks on how to improve things but it also stimulates the amount of competitiveness amongst employees.”	Human resources to create novelty
“In this collaboration I found the most important that we spoke the same language, that we were both willing to collaborate and also trust. With language I also mean expertise as this is also a language.”	Estimate if partner has matching values
“In the beginning personnel was sent to our shareholder * for education. Employees from designing and production got the chance to develop themselves there. If you look at them now, most of them have a supervisory, senior or mentoring role in business X. We really noticed that people were beginning to work more efficient and therefore our payroll costs went down.”	Obtain new valuable partners
“We should strive for total efficiency instead of only function efficiency. This implies that we can also increase our efficiency by changing our corporate structure in a way that it is in parallel to what our customers need. This is why I advised the so called value stream management.”	Streamline business structure and operations with customers’ needs.

*Phase 2 - Axial coding*

The second phase of a coding process is the axial coding phase. Babbie (2016) describes axial coding as the phase where one has to identify the essential concepts in the thesis. In order to do this, the findings of the open coding have to be used. More specifically, the axial coding phase is about regrouping the data through the use of the open codes that have been derived in the first phase of the coding process. The derived axial codes represent the factors that contribute to scaling up business X and Y. Therefore, axial codes are called factors further in this thesis. Section 4.2 elaborates on these factors by discussing them in more detail for each business. The third column of the coding format in appendix D and E represents the factors for business X and Y respectively. Table 5 provides several examples that clarify the axial coding process. More specifically, the left side represents the open coding process and the right side shows how the open codes are restructured in order to assign axial codes to it.

**Table 5 – Examples of fragments with open codes and axial codes (factors)**

Fragment	Open code		Open code	Axial code
We already knew that * was a partner with beliefs that corresponds to ours because * did a lot of business with them before.	Consider barriers for employees		Consider barriers for employees	Collaboration
And since every person has its responsibility over its own machine, it is for me possible to keep track of how far everybody is in the process.	To monitor progress		Estimating if partner has matching values	Collaboration
In this collaboration I found the most important that we spoke the same language, that we were both willing to collaborate and also trust. With language I also mean expertise as this is also a language.	Estimating if partner has matching values	→	To monitor progress	Regulation
Only if people are honest and open about the mistakes they have made, we have possibilities to improve our business because reporting mistakes creates an understanding of how mistakes are made and can possibly be prevented in the future	To prevent and mitigate defaults		To prevent and mitigate defaults	Regulation

*Phase 3 – Selective coding*

In the second phase, factors were derived that contribute to scaling up business X and Y. However, it is not clear yet what the core concepts are of these factors and which factors particularly scale up business X. This is why the third phase of the coding process (selective coding) focuses on clarifying these ambiguities. The findings of the selective coding process are discussed in section 4.2.9. Below, some examples are given of how the core concepts are found. Then, it is shown how the factors are found that particularly scale up business X.

Babbie (2016) indicates that the core concepts imply the codes to which all other codes relate. These can be created by restructuring the factors (axial codes) that were formulated in the previous phase. The derived selective codes represent the overarching categories that contribute to scaling up business X and Y. Therefore, selective codes are called overarching categories further in this thesis. The fourth column of the coding format in appendix D and E represents the overarching categories for business X and Y respectively. Table 6 provides several examples of finding the overarching categories concepts in this thesis.



**Table 6 – Examples of fragments with open codes and axial codes (factors)**

Fragment	Axial code (factor)		Axial code (factor)	Selective code (overarching category)
We already knew that business Z was a partner with beliefs that corresponds to ours because * did a lot of business with them before.	Collaboration		Collaboration	Networking
And since every person has its responsibility over its own machine, it is for me possible to keep track of how far everybody is in the process.	Collaboration		Collaboration	Networking
In this collaboration I found the most important that we spoke the same language, that we were both willing to collaborate and also trust. With language I also mean expertise as this is also a language.	Regulation	→	Regulation	Re-evaluating
Only if people are honest and open about the mistakes they have made, we have possibilities to improve our business because reporting mistakes creates an understanding of how mistakes are made and can possibly be prevented in the future	Regulation		Regulation	Re-evaluating

In addition, the factors are classified along the dominant value creation drivers of Zott and Amit (2010). This is another way of structuring the factors in order to understand how the factors add value to business X and Y. It is discussed in the within-case analyses in section 4.2 to which dominant value creation drivers the factors belong. A short comparison is made between how the factors add value for business X and Y in section 4.2.9. This is done because it provides a basis for section 4.3 (the cross-case analysis) to elaborate on. The colors of the fragments in the coding format in appendix D and E represent how each factor adds value for business X and Y respectively. Table 7 provides some examples of this and figure 3 represents the colors that are used to indicate how value is added to business.

**Table 7 – Examples of fragments that are combined with design themes of Zott and Amit (2010)**

Fragment	Open coding	Axial coding
“What I also find important is new fresh blood in the business. New ideas, new looks on how to improve things but it also stimulates the amount of competitiveness amongst employees.”	Human resources	Interaction
“In this collaboration I found the most important that we spoke the same language, that we were both willing to collaborate and also trust. With language I also mean expertise as this is also a language.”	Estimate if partner has matching values	Collaboration
“In the beginning personnel was sent to our shareholder business Z for education. Employees from designing and production got the chance to develop themselves there. If you look at them now, most of them have a supervisory, senior or mentoring role in business X. We really noticed that people were beginning to work more efficient and therefore our payroll costs went down.”	Obtain new valuable partners	Expansion
“We should strive for total efficiency instead of only function efficiency. This implies that we can also increase our efficiency by changing our corporate structure in a way that it is in parallel to what our customers need. This is why I advised the so called value stream management.”	Streamline business structure and operations with customers’ needs.	Organization

	Adding value through novelty
	Adding value through lock-in
	Adding value through complementarities
	Adding value through efficiency

**Figure 3 – The colors used to indicate the design themes of Zott and Amit (2010)**

## **4.2 Within-case analyses**

This section aims to provide an answer to the second subquestion of this thesis. The outline of this section is as follows: the findings of the within-case analyses are represented in section 4.1 till 4.4 for business X and 4.5 till 4.8 for business Y. These sections elaborate on the factors of the categories 'networking', 're-evaluating' and 'establishing'. This is done by dividing the factors into subfactors that contribute to scaling up business X and Y. These subfactors reflect the subjects that have been covered during the interviews. Below, it is discussed how the most prominent (sub)factors add value through the design themes of Zott and Amit (2010): novelty, lock-in, complementarities and efficiency. A summary of all (sub)factors are provided in appendix F and G for business X and Y respectively.

### **4.2.1 Factors that add value through novelty – Business X**

There are three factors that add value through novelty for business X. Firstly, a relevant factor for business X to gain value through novelty is by collaborating with the BoP in order to gain mutual benefit. This indicates that business X has a positive attitude towards the capabilities of people from the BoP and therefore they include and engage them into their business' activities. The management of business X argues that including the BoP in their business activities increases the cultural diversity in the business which leads to more creativity. According to the management, this is because cultures have different beliefs and thus diverse ways of how they observe. As a result, they create heterogeneous team that may come up with different ideas to problem-solving or for solutions to fulfill customer needs better. In return, people from the BoP gain support for personal development and a fair pay which enables them to improve for example their living situation. This indicates the need of including people from the BoP in the business activities, as only offering products to them does not help because people from the BoP do not participate in mainstream markets. Also, as the aim for business X is to create products for the BoP, co-creating these products with the BoP is an effective way to discover what they need. In other words, business X involves the BoP to access new knowledge sources. However, business X takes into account the possibility that people from the BoP are not aware of the technologies they have. As a result, they may also not be aware of their production capabilities and therefore not come up with the most appropriate product solutions. For this reason, it is essential to ask why they need a particular solution because this is the only way to discover the core of their need. In other words, thinking about product solutions should only be done after the core of a particular need of the BoP has become obvious.

Secondly, a factor implies gaining value through diversifying in the early stages of the business. More specifically, an affiliate business of business X indicated that between 2011 and 2015 they scaled up through product diversification. In other words, they offered a diverse set of product for merely a few markets. This is because focusing on product differentiation enabled the affiliate business to better fulfill the needs of the customers. In addition, diversifying is an effective approach to support the alleviation of poverty. To be more specific, the affiliate business was not penetrating the BoP with only one or a few products but instead they sought for a solution that fulfilled the needs of people from the BoP. For example, they have created plastic food boxes which are reusable. It is possible to write over this box when the label of it is removed. The reasoning behind this is that local people can store other products in it. As a result, they can preserve other food longer and therefore the waste food is mitigated which is especially relevant in the BoP. However, product offerings should not become too diverse as this would make the business processes too complex to manage. This is because the factories of the affiliate business had to be arranged in a way that could

quickly adapt from one production line to another. Accordingly, there were many structuring issues which made the business processes rather complex.

Thirdly, business X and other subsidiaries are production businesses and therefore they are heavily depending on resources. However, the context they operate in is characterized by resource-scarcity. This could be problematic for them because no resources imply no production. Therefore, they have to seek for alternatives in order to prevent that their inventory depletes. One of the solutions is the initiation of an affiliate business of business X. This affiliate business focuses on adopting environmental friendly solutions in order to mitigate resources constraints. More specifically, one of these solutions involves recycling the by-products from the production processes of affiliate businesses into raw materials. These raw materials can be used again as resources for their production. As a result, sourcing costs are reduced as the same amount of resources can be utilized in order to produce more. In addition, supplier dependency decreases as there has to be sourced less frequently. However, business X and other subsidiaries recently have become capable of producing with barely any by-products. This is because they have developed a technology (technology X) which allows them to create a diverse scope of products with fewer by-products in comparison with conventional production methods. For this reason, this affiliate business is considering to buy the by-products of other external businesses. This is because additional by-products allow the affiliated business to run its recycling processes on full capacity again which also results into delivering greater positive environmental impact. However, the disadvantage of technology X is that less is sourced from the BoP which reduces their positive societal impact. More specifically, it can be argued that this decreases the employment opportunities and purchasing power of the business they source it from. In other words, not sourcing from the BoP could diminish the possibilities for impoverished populations to develop. Table 8 represents a summary of the (sub)factors that add value through novelty for business X.

**Table 8 – Factors and subfactors that add value through novelty for business X**

<b>Factors</b>	<b>Subfactors</b>
<b>Collaboration</b>	With the BoP to gain mutual benefit
<b>Augmentation</b>	To expand product offerings (to solve complexity of poverty)
	To adopt more environmental friendly solutions

**4.2.2 Factors that add value through lock-in – Business X**

There are two factors that add value through lock-in for business X. First, several employees of business X are physically constrained on their way to work. More specifically, they have no means of transport and therefore they have to walk to building of business X. But sometimes the distance is too far to walk. As a result, they are in need of a vehicle in order to be able to arrive at work. However, many people from the BoP cannot afford a vehicle for their own. For this reason, they have to rely on other means of transportation such as public transport. Nonetheless, public transportation is not complimentary and thus it remains the question if they can afford this. Even if they can afford it, they often have to walk substantial distances to the place where their work. To solve this problem, many people from the BoP use a ‘bakkie’ which is South-African for pick-up car. They use this because people can sit in the trunk despite the fact that it is not allowed there. However, the law-enforcement tolerates it as forbidding it is likely to create strikes in the area. Also, if employees of a particular company are using this way of transportation, then the company has to decide whether it is responsible to allow it or not and maybe offer safe and decent alternatives for those who need it. It can be argued that offering alternatives is a possibility for business X to deviate from other business

in their area. As a result, employees could be more likely to remain working for business X as not all employers provide this opportunity. This is especially relevant in the BoP because skilled employees are scarce there. At last, business X is constantly seeking for other physical constraints that employees experience. They attempt to mitigate these constraints in order to stimulate people from the BoP to work.

Second, inclusive businesses strive to alleviate poverty in the BoP. As BoP members are included in the business processes of business X, complexity may raise due to the inclusion of multiple stakeholders and thus extra efforts have to be made to create internal agreements in the business. It is in particular complex with multiple stakeholders engaged in processes because sometimes there are conflicts of interests amongst them. More specifically, in the last twenty years relatively many strikes for pay raises have occurred in the area where business X operates. However, not anybody wants to participate in these strikes. To be more specific, the aim of employees who are unwilling to strike is to focus on becoming better at their job in order to access better career opportunities. Unfortunately, it has happened that this resulted into threats amongst employees. These threats were coming from the employees that wanted to strike. This is because they wanted the other employees to participate in the strike in order to enlarge its effect. business X argues that these strikes are particularly occurring in their area because pay has more influence on their living situation. In other words, there are fewer social benefits people can apply for than for example in western countries such as The Netherlands. Therefore, business X attempts to prevent strikes as much as possible. They attempt to do this by negotiating with their employees whenever they notice that employees are planning to strike. As a result, this improves the atmosphere of the working environment and therefore people are less likely to feel the urge of leaving the business. Table 9 represents a summary of the (sub)factors that add value through lock-in for business X.

**Table 9 – Factors and subfactors that add value through lock-in for business X**

<b>Factors</b>	<b>Subfactors</b>
<b>Collaboration</b>	Consider barriers for employees
<b>Co-operation</b>	Through building trustworthiness and internal agreements

**4.2.3 Factors that add value through complementarities – Business X**

There are two factors that add value through complementarities for business X. The first factor comprises that the acquisition of human resources with the desired mentality and values are relevant for business X to scale up. Therefore, their hiring process can be characterized as strict. This is important in a BoP context because due to governmental measures that stimulate positive discrimination, some people from the BoP consider it as their right to be working at a company instead of a privilege. This is emphasized by the following quote of the former director of business X:

*“Due to the BBEE regulation people might see it as a right to work here but I think it a privilege for us all to be able to work here.” – Former director of business X*

Maintaining a strict hiring process mitigates this issue for business X. On the other side, many people are grateful to be able to work and develop at business X. People with this attitude have a complementing effect on the business. More specifically, business X argues that employees with mentality and values in line with their desired mentality and values support the business to scale up. Subsequently, a scaled up business offers more development opportunities for the employees working there. Following this line of reasoning, they have to some extent the possibility to control

their own development opportunities. However, employees with the desired values and mentality are difficult to find, especially in resource-scarce contexts. This emphasizes the need to rely on other measures such as educating employees from the BoP rather than solely finding and hiring new employees.

The second factor includes creating internal growth opportunities to cover complexity resulting from growth. This is particularly needed in the BoP because of the scarcity of employees, thus business X focuses on creating desired career opportunities for existing employees. Business X argues that this increases the likelihood that employees remain working for them. Also, creating internal growth opportunities enables the development of employees from the BoP, which indicates the societal impact that business X delivers. Consequently, they are also becoming valuable for the business. Table 10 represents a summary of the (sub)factors that add value through complementarities for business X.

**Table 10 – Factors and subfactors that add value through complementarities for business X**

<b>Factors</b>	<b>Subfactors</b>
<b>Acquisition</b>	Human resources with desired mentality and values
<b>Expansion</b>	To create internal growth opportunities for employees

**4.2.4 Factors that add value through efficiency – Business X**

There are five factors that add value through efficiency for business X. At first, a factor implies the consideration between aiming for maximizing competitive advantage or societal impact. Put differently, strategically sourcing implies taking into consideration two decisions for business X. The first decision implies that business X sources from the BoP. It can be argued that this increases the employment opportunities and purchasing power of the business they source it from. In other words, sourcing from the BoP creates possibilities for impoverished populations to develop. The second decision implies that business X sources from businesses that offer the lowest prices. These businesses are mostly established abroad in developed countries. business X and other subsidiaries tend to source more from abroad since the business structures of their domestic suppliers have changed due to BBEE regulations. To be more specific, the BBEE regulation is introduced by the government in order to create a reverse effect on the apartheid. As a result, especially public owned companies and businesses with a customer base largely consisting of the government are obliged to hire people based on skin color instead of skill. The following quote emphasizes this:

*“Due to new laws, public companies need to have a workforce which is similar to the local demographics. But this does not always have a good effect on our relationships with them as we were used of doing business with a totally different corporate culture.”*  
 – General Manager at an affiliate business

In other words, suppliers in South Africa have changed due to BBEE regulations. Also, the management has changed which has resulted into different norms and values. These norms and values are less in line with business X and the other subsidiaries. As a result, reliability issues may occur and therefore business X and other subsidiaries tend to focus more on sourcing abroad. This decision is debatable because some respondents argue that this creates value and competitive advantage merely for business X and not for the BoP. However, other respondents have argued that it also adds value for the BoP but in a more indirect way. More specifically, competitive advantage

allows the business to scale up which may create additional employment opportunities that people from the BoP can apply for. Moreover, scaled up companies may be able to offer more internal development opportunities for its employees.

Another factor represents the value creation through interdepartmental connectedness. To be more specific, business X argues that their business has scaled up through employees that think about the implications of their activities for other departments. In other words, their broader belief system implies that employees are working for the business as a whole, rather than merely the department they are working in. This is difficult as employees from the BoP have a relatively lower education. Therefore, it could be that they do not realize the connection of their activities to activities from employees of other departments. It is in particular relevant to teach this to employees because business X is a project based organization. More specifically, an employee's job activities frequently change as they are working on a different project once it is finalized. In other words, business X argues that their diverse project portfolio requires a quick coordination between departments which indicates the need of these departments to be connected. In addition, it is important for employees that they think along with other departments. For instance, they can do this by handing over their work in a way that spares another department preparation time. As a result, other departments can initiate earlier with their operations as they do not have to know in detail what has been done before them in the value chain. The following example clarifies this: amongst all subsidiaries of the parent company to which business X belongs, waste of production processes is already separated and sorted out by the different types of material it contains. This saves time for the subsidiary that receives and recycles the waste.

In addition, a factor that contributes to scaling up business X is regulation in order to stimulate employee's participation in improvements processes. People that are hired from the BoP are relatively uneducated. These employees are mostly taught by, amongst other things, participation in the business' activities. However, at the initiation of their career at business X they have to do production work. It is known amongst the managers of business X that these types of activities are the first to be considered as 'uninteresting'. Therefore, the management of business X attempts to stimulate employee's participation by introducing measures such as task rotation. However, the management is cautious with doing this. This is because some employees might think that their job is taken over. As a result, this may cause confusion as some employees could think that they are replaced because they were not performing well. For this reason, the management attempts to motivate their employees by adopting a transformational leadership style.

*"Two layers of the pyramid of Maslow include self-esteem and self-actualization. We focus on these layers regarding our employees. But for that to happen, they have to have enough self-esteem which we can create by motivating them, for example through education." – CEO of business X's parent company*

Furthermore, multiple respondents have indicated the important role of acquisitive growth in order to scale up a business. This is because of several reasons. Firstly, acquisitions provide additional establishments. This results into relieving physical constraints such as storing possibilities and other space related issues. In addition, people experience shorter travel distances which is crucial in the BoP. More specifically, additional establishments increase the likelihood of decreasing travel distances for employees. Moreover, additional establishments increase the amount of structuring possibilities. For example, in the beginning the production processes were very complex

because they focused on product diversification. However, acquiring additional establishments enabled it to transfer particular production processes to other establishments which reduced complexity. As a result, new and different internal growth and employment opportunities are created which is in particular valuable in the BoP. Moreover, it is valuable for the BoP in order to mitigate the complexity arisen from product diversification which is needed to contribute to solving the complexity of poverty. Secondly, growing organically is found to be difficult in the BoP because of its resource-scarce characteristics. Therefore, there is chosen to rely on other measures such as acquisitive growth. Acquisitive growth is also an opportunity to acquire additional human resources which are difficult to find in the BoP. However, it remains arguable whether acquisitive growth is beneficial with regard to alleviating poverty. This is because acquisitions, especially aggressive and hostile acquisitions, involve substantial uncertainty.

At last, a factor to what an affiliate business of business X attributes its growth is that their business structure and operations are streamlined with customers' needs. Streamlining the amount of production from business operations with the demand of customers seems to be obvious. However, this is especially relevant to realize when a business serves the BoP. More specifically, the BoP is impoverished which implies that they merely purchase what is considered as necessary. Producing excess is therefore unnecessary as there will probably be no customers for it. Moreover, the affiliate business has introduced 'value stream management' (VSM) in order to streamline their business structure with their customers' needs. The following quote represents what VSM means and why it is needed:

*"We should strive for total efficiency instead of only function efficiency. This implies that we can also increase our efficiency by changing our corporate structure in a way that it is in parallel to what our customers need. This is why I advised the so called value stream management."* – Operations manager at an affiliate business

Before, the affiliate business was structured as a production company with traditional departments. However, in order to increase efficiency the departments (from now on called 'value streams') have been designed in a way that every value stream is responsible for and capable of fully producing a particular product. In order to achieve this, the affiliate business had to think about the basic products that their customers needed. For example, in their situation this meant the following products: lids, IML produced plastic buckets and off-set printed plastic buckets. Accordingly, there are created three value streams: value stream 'lid', value stream 'IML' and value stream 'printing'. For every value stream, there is introduced a multi-skilled team consisting of employees from every 'traditional' department. As a result, every value stream is capable of entirely producing the product they are responsible for. In addition to increasing the business' efficiency, the introduction of VSM has improved the working environments. More specifically, before the introduction of VSM, the departments were blaming each other when mistakes were made. In addition, employees were denying that solving a particular mistake did not belong to their task profile. As a result, they did not solve a problem although it was their responsibility. However, after the introduction of VSM, there has become a healthy competition between the value streams which replaced the 'toxic' environment they used to have. Introducing value streams also created a sense of why employees had to perform their tasks. This is because they understand the production better as every member of a value stream is accountable for the entire production process. In other words, the sense of responsibility of employees has also increased which is, according to the management of the affiliate



business, one of the major intrinsic motivators for employees. At last, the management has argued that the introduction of VSM is in particular relevant in contexts such as the BoP. This is because VSM has created teams consisting of people that would otherwise probably never collaborate since they worked in different departments. As a result, the value stream teams are multi-skilled which creates the possibility for members from the BoP to be educated in a broader sense. More specifically, they are included in all activities of making a product while they would previously, before the introduction of VSM, only learn about the tasks performed of one particular traditional department. Table 11 represents a summary of the (sub)factors that add value through efficiency for business X.

**Table 11 – Factors and subfactors that add value through efficiency for business X**

<b>Factors</b>	<b>Subfactors</b>
<b>Acquisition</b>	To gain competitive advantage or to increase societal impact
<b>Behavior &amp; Cognition</b>	To improve interdepartmental connectedness
<b>Regulation</b>	To stimulate employee’s participation in (improvement processes)
<b>Expansion</b>	Through acquisitive growth
<b>Organization</b>	To streamline business structure and operations with customers’ needs.

#### 4.2.5 Factors that add value through novelty – Business Y

There are three factors that add value through novelty for business Y. First, the factor ‘acquisition’ adds value as particular resources could potentially expand existing knowledge and result into competitive advantage. More specifically, solely gaining access to new knowledge resources is not sufficient as these have to be incorporated into the business in order to create value. For example, competitive advantage is likely to be gained whenever technologically advanced product components are incorporated into a product and marketed into regions that need these products. This is because customers in these regions are dependent on these products and thus buy it from the particular business that markets it. In addition, new human resources could be hired who come with novel ideas about how products or production processes can be improved. This is necessary as businesses should not be doing for too long what used to be right in order to create value. The following quote indicates the relevance of hiring new employees for business Y.

*“What I also find important is new fresh blood in the business. They bring new ideas and looks on how to improve things but it also stimulates the amount of competitiveness amongst employees.”* - Operations manager at business Y

Another factor that adds value through novelty is to stimulate employees’ participation in (improvement) processes through regulation. Namely, creating incentives can stimulate employees’ participation in improvement processes. As a result, employees may be more likely to come up with novel ideas that benefit and thus enable a company to grow. These incentives are a relevant aspect of the adopter leadership style at business Y. This is because the management utilizes a transactional leadership style in which employees are motivated through reward systems in a structured and organized working environment

At last, the factor ‘augmentation’ has the potential to create value through expanding product offerings and adopting more environmental friendly solutions. An explanation for this is that when a business expands its product offerings, it is more likely to contain products that are not being offered by competitors. As a result, business Y could gain competitive advantage in the region they are operating. In addition, there is an increased demand to more environmental friendly products. Therefore, business Y has to adopt novel solutions that meet the requirements of the environmental friendly product that has to be created. Being capable of producing these kinds of products results into a first-mover advantage as the Russian market is not that familiar yet with producing environmental friendly products. The following quote represents the need for business Y to focus on creating environmental friendly products.

*“We want to increase awareness for recycling in our business. It is also necessary for us because more customers are switching to environment friendly solutions, for example Unilever.”* – manager R&D at business Y’s parent company

Table 12 represents a summary of the (sub)factors that add value through novelty for business Y.

**Table 12 – Factors and subfactors that add value through novelty for business Y**

<b>Factors</b>	<b>Subfactors</b>
<b>Acquisition</b>	To gain competitive advantage
<b>Regulation</b>	To stimulate employees’ participation in improvement processes
<b>Augmentation</b>	To expand product offering
	To adopt more environmental friendly solutions

**4.2.6 Factors that add value through lock-in – Business Y**

There are four factors that add value through lock-in for business Y. The first factor ‘collaboration’ consists of two subfactors that represent how business Y keeps third parties attracted as participants of their business model. To be more specific, the first subfactor comprises that business Y has to consider barriers for potential partners to collaborate. For example, some of business Y’s customers are afraid of becoming customer as they feel this would indirectly strengthen their competition. This is because potential customers know that eighty percent of the customer base consists of an affiliate business of business Y. In other words, if potential customers would place an inquiry at business Y, then business Y could theoretically replicate the particular product for the affiliate business which would be substantial loss for the business that has invested into it. Furthermore, the second subfactor is estimating if the potential partner has matching values. Businesses are more likely to keep partners as participants of their business model if they for example both value trust and integrity. Put differently, these matching values increase the likelihood of a long-term collaboration between partners. This is in particular important with regard to global collaborations because these involve long distances. However, when businesses know they can trust each other, they are less likely to terminate the collaboration as they know it is going to be difficult and another long process to find a trustful partner. As a result, both businesses are locked in each other’s business models. The following quote emphasizes that business Y appreciates it to collaborate with partners who have similar values:

*“In this collaboration I found the most important that we spoke the same language, that we were both willing to collaborate and also trust. With language I also mean expertise as this is also a language.” – Director at business Y*

The second factor comprises adding value by adopting regulations that stimulate employees’ participation in (improvement) processes. Business Y does this by setting targets with an incentive in the form of a particular financial benefit for employees. When employees achieve these targets, they will get the financial benefit (bonus) at the end of their fixed-term contract. As a result, employees will be less likely to resign before their contract expires as this would imply that they do not get their bonus. In other words, the employees are locked in the business model of business Y as they do not want to miss out on their bonus. At last, improving employees’ participation can be done by ensuring healthy competition amongst colleagues. Especially targets are introduced in a business, the competition amongst colleagues is going to increase. It is the manager’s task to keep this competition healthy as employees should for example not sabotage machines which a colleague is going to use.

The third factor comprises that value can be derived through lock-in capabilities when business Y expands its product offerings. More specifically, a business could expand its offerings with products that reflect a basic necessity of life. For example, business Y creates mould for plastic packaging for the food industry. They know that in this market there will always be demand for their products. So, by strategically offering these products, they are more likely to sustain.

The fourth factor ‘socioeconomic sustainable aspiration’ can be described with two subfactors that add value through lock-in capabilities. A business can for example focus on offering qualitative products with the intention to become the only supplier who can deliver this particular product. As a result, this company gains a competitive advantage as customers are dependent on this business when they have to procure this particular product. In addition, customers know that procuring a less qualitative product comes with additional costs in a later stage. To be more precise, if for example a mould is of less quality it is likely that it has to be repaired more frequently and therefore it will involve more costs. As a result, the customer is probably going to procure a mould at a business that can offer the best value for money. Following this line of reasoning, it could feel counterintuitive that business Y is offering qualitative moulds. This is because creating qualitative moulds impairs the amount of repairing activities they could have potentially done. As a result, their income streams will be negatively affected by this. However, it is also likely that this negative effect is mitigated by the fact that business can ask a higher price for qualitative products. Also, offering qualitative products has a positive effect on customer satisfaction and for that reason future income streams are likely to be secured.

*“It is true that we are one of the few mould makers in Russia that can deliver moulds with these quality requirements.” – Director at business Y*

The other subfactor is that business Y uses its lock-in capabilities by focusing on costs. More specifically, focusing on costs could make it possible to reduce the costprice and thus the selling price of a product. In other words, if creating a product costs fewer resources then business Y can pass on this difference into a discounted selling price. As a result, business Y might be able to offer qualitative products for a lower price than its competitors. This increases the likelihood a customer remains locked in business Y’s business model. Table 13 represents a summary of the (sub)factors that add value through lock-in for business Y.

**Table 13 – Factors and subfactors that add value through lock-in for business Y**

<b>Factors</b>	<b>Subfactors</b>
<b>Collaboration</b>	Consider barriers for employees
	Estimating if partner has matching values
<b>Regulation</b>	To stimulate employees’ participation in improvement processes
<b>Augmentation</b>	To expand product offerings
<b>Socioeconomic sustainable aspiration</b>	Through offering quality
	Through focusing on costs

#### 4.2.7 Factors that add value through complementarities – Business Y

There are three factors that add value through complementarities for business Y. First, the factor ‘acquisition’ reflects that procuring activities can be combined with something else in order to derive more value out of it. For example, business Y combines its sourcing activities with sourcing activities of an affiliate business in Finland. To be more specific, this business in Finland is less subject to laws and regulations with regard to procuring in the EU. As a result, business Y may procure their resources through this business in Finland as this makes the procuring their resources less complex.

Second, the factor ‘interaction’ consists of three subfactors that add value through complementarities. The first one is that the process of uncovering potential improvements for the focal business is combined with creating a view of what is going on at the factory by the manager. To be more precise, while the operations manager of business Y is checking how the factory is running, he is also asking the employees if they have noticed any potential improvements for their production process. As a result, the manager’s view of potential improvements may be complemented by the views of the employees. The second subfactor involves educating employees by involving them into multiple business activities. All departments of business Y benefit from extra employees as in general there is a scarcity of employees across departments. Therefore, new employees are employed across multiple departments in order to mitigate this problem. Working across various departments also benefits the training and education of these employees because they will eventually be capable of performing more diverse tasks. The last subfactor is to request and make arrangements with for example suppliers. More specifically, the currency rates of the Roebel fluctuate heavily. As a result, at some moments it is relatively expensive to pay suppliers. Therefore, business Y prefers to wait for a better time to pay and also informs their creditors about it. In other words, business Y is combining their paying processes with monitoring the fluctuation of their currency rate in order to derive extra value out of these processes.

At last, the factor ‘expansion’ adds value through complementarities. More specifically, obtaining a valuable shareholder is one of the major reasons that business Y has scaled up. The following quote emphasizes this:

*“In the beginning personnel was sent to our shareholder business Z for education. Employees from designing and production got the chance to develop themselves there. If you look at them now, most of them have a supervisory, senior or mentoring role in business Y. We really noticed that people were beginning to work more efficient and therefore our payroll costs went down.” - Director at business Y*

This is because business Z transfers valuable knowledge to business Y. Business Z is able to do this because they have similar business activities as business Y. In other words, business Z and business Y complement each other if needed although they are theoretically competitors. The unsaturated market of the mould-making industry contributes to this because the global competition is relatively small. Table 14 represents a summary of the (sub)factors that add value through complementarities for business Y.

**Table 14 – Factors and subfactors that add value through complementarities for business Y**

<b>Factors</b>	<b>Subfactors</b>
<b>Acquisition</b>	To gain competitive advantage
<b>Interaction</b>	To uncover potential improvements
	To educate employees
	To request and make compromises
<b>Expansion</b>	By obtaining new valuable shareholders

**4.2.8 Factors that add value through efficiency – Business Y**

There are five factors that add value through efficiency for business Y. The first factor is ‘acquisition’ which adds value through expanding knowledge and gaining competitive advantage. More specifically, knowledge expansion could benefit the efficiency of mould designing processes for business Y. For example, the retrieval of more technical knowledge has made it possible for them to design moulds more consistently. As a result, business Y knows how to design particular moulds quicker which increases their efficiency. In addition, acquiring resources with the intention to gain competitive advantage has the potential to increase efficiency within the business. To be more specific, particular types of refined materials make it possible for business Y to create moulds quicker and more accurate but they can only be bought at certain suppliers. Therefore, business Y is continually checking where they can procure supplies that are most enhanced in order to gain competitive advantage.

The second factor ‘interaction’ can benefit a business’ efficiency as interacting with stakeholders can help to uncover potential improvements. It is important to mention that these stakeholders can be everybody as long as they are related to the business. For example, business Y had in its starting phase daily communication with its partner and shareholder business Z. This enabled the transfer of information about the prevention of technical issues and therefore it was possible for business Y to make fewer mistakes. These stakeholders can also be employees. Namely, the operations manager tends to talk a lot with its employees on the operational floor to find potential improvements. This is also reflected in the follow quote:

*“Therefore, I tend to chat a lot with my employees about possible improvements to be made in the production process.” – Operations manager at business Y*

However, regardless from whom the proposal about improvement comes, it is relevant that it is certain that the particular person has sufficient knowledge about it. Therefore, business Y’s employees are educated and trained with the intention of developing skills to recognize potential improvements. To know which education and training is the most appropriate, the managers have to determine the skillset of their current and future employees. Only by doing this, the managers know in which fields its employees have (in)sufficient knowledge.

Moreover, a factor that adds value through efficiency for business Y is ‘behavior and cognition’. More specifically, business Y attempts to improve efficiency by shaping the desired mentality and values of employees. Every manager has mentioned in their interview that a particular mindset is needed to which they attribute their success and the success of the company. To be more specific, employees should challenge themselves to do more than only their job and try to notice potential improvements of any process they are involved in. In other words, the desired mindset of employees at business Y seems to be one that encourages efficiency within the business. This can be

clarified by the fact that business Y is a manufacturing business in the value chain of producing plastic packaging for fast moving consumer goods (FMCG). Furthermore, this mindset also comprises that employees have to think for all departments within Matrisa. One of their managers argues that employees should be willing to do tasks which do not belong to their job description. This is because the inquiries of business Y are very diverse since it is a project based business. Therefore, it is impossible to cover all tasks with the job descriptions of their employees, which indicates the need of interdepartmental support. The need of interdepartmental connected is reflected in the following quote:

*“Another thing I meant with the right attitude is that they have to think for all departments within business Y, but also for example for our customer \*. This means when something is not belonging to their job description, there can be still occasions in which they have to do it. They cannot simply reject doing particular activities as it is not in their job description.”* – Director at business Y

Furthermore, a factor that adds value through efficiency is ‘regulation’. This factor consists of two subfactors. The first subfactor comprises that regulatory mechanism are adopted in order to monitor progress in operations. For example, the operations manager of business Y has introduced a system in which he can see operational performance indicators of the machines in the factory. And since every person has its responsibility over its own particular machine, it is possible to manage how efficient everybody is and what their progress is at any given moment. The second subfactor represents the regulatory mechanisms at business Y that prevent and mitigate defaults. An example of this is a system which indicates operational performance indicators and also if there are defaults. This allows the manager to quickly intervene in order to fix the default and prevent any potential damage. More specifically, it is vital to do this quickly as many by-products are going to be produced whenever a technology is malfunctioning. It is also possible that costly assets are going to be damaged which would result into substantial costs. In addition, the particular person who made the mistake is asked to make a report of how and where the mistake was made. The management is careful with providing negative feedback to their employees. They do this to prevent that employees will become too cautious in the future. In other words, employees are going to work at a slower pace to ensure they have not made any mistakes. As a result, this will negatively impact the efficiency in the business.

At last, the factor ‘socioeconomic sustainable aspiration’ adds value through efficiency and consists of three subfactors. First of all, a subfactor comprises the adding value through efficiency with R&D activities. More precisely, business Y reinvests its profit into the business instead of distributing it to their shareholders which increases the budget that can be used for R&D activities. Therefore, there can be done R&D activities in order to explore how the production factories can be become more technologically enhanced. As a result, the assets within the business will be relatively technologically advanced which enables particular production processes to be operated faster and thus more efficiently. The second subfactor implies that adopting a cost focus strategy positively influences the efficiency of business Y. This is because rising costs call for the need of addressing inefficiency as this will (partly) relieve it. For instance, the financial performance of an affiliate business of business Y decreases as the price of raw materials for producing plastic products rises. This emphasizes the need of saving on other sides of the business. This was one of the reasons of commencing business Y, because business Y has the capability to repair the affiliate business’ mould locally. As a result, the affiliate business does not have to send its mould overseas anymore and

therefore they can restart their interrupted production process earlier. However, focusing on costs does not always improve efficiency. More specifically, labor costs in Russia are lower which is beneficial for business Y as various operations still have to be done manually. In The Netherlands, more has been automated already and therefore fewer activities have to be done manually. This is because higher labor costs in Netherlands were an incentive to improve efficiency in factories mostly through automating and robotizing production processes. As the labor costs are almost five times as low in Russia, they have less incentive to automate their processes. Lastly, the third subfactor involves the challenges that arise from growth. This could feel counterintuitive as growth is mostly related to the beneficial aspects it delivers. However, growth has also created challenges for business Y. More specifically, growth brings complexity in the business and therefore managers and employees have to do different tasks or adapt the way they were doing their tasks. This is because every state of growth of a business involves different challenges. Therefore, the success of an employee depends on its flexibility and its willingness to adapt when these new challenges arise. The following quote clarifies this:

*“Sustainable growth is however when everybody is skilled enough to cope with the growth of the company. You can see it as a comparison between sailing over a river and over a sea: someone who can sail on a boat between the borders of a river is unsure whether he is capable of sailing over the seas with only the stars as their guide.”*  
 – Director of parent company and affiliate business of business Y

Table 15 represents a summary of the (sub)factors that add value through efficiency for business Y.

**Table 15 – Factors and subfactors that add value through efficiency for business Y**

<b>Factors</b>	<b>Subfactors</b>
<b>Acquisition</b>	Knowledge expansion
	Competitive advantage
<b>Interaction</b>	To uncover potential improvements
<b>Behavior &amp; Cognition</b>	Shaping desired mentality and values
	Interdepartmental connectedness
<b>Regulation</b>	To monitor progress
	To prevent and mitigate defaults
<b>Socioeconomic sustainable aspiration</b>	Through R&D activities
	Through focusing on costs
	Through employees able to match up with challenges arisen from current state of growth



#### 4.2.9 Conclusion of within-case analyses

To conclude, the second subquestion of this thesis can be answered: *'What are the factors that contribute to scaling up an inclusive business in a BoP context (business X) and a for-profit business in a developed context (business Y)?'* Namely, ten factors contribute to scaling up business X and Y. These ten factors include: collaboration, acquisition, interaction, behavior and cognition, regulation, co-operation, augmentation, expansion, organization and socioeconomic sustainable aspiration. Each of these factors is discussed below.

- Factor 1 – Collaboration. This factor shows the potential to scale up a business through accessing new knowledge sources and the expansion of production capabilities as a result of collaborating. The relationship between collaborating partners is strengthened if they have matching values and if 'collaboration barriers' are mitigated.
- Factor 2 – Acquisition. This factor represents how and why resources are acquired in order to scale up the business. This is because merely having the access to knowledge sources (as described at factor 1) is not valuable in terms of stimulating growth of a business. Namely, the knowledge has to be acquired and incorporated into the business in order to create value.
- Factor 3 – Interaction. This factor presents the added value through interaction between the focal business and its stakeholders. These stakeholders include customers, suppliers, partnerships and also the focal business' employees.
- Factor 4 – Behavior and cognition. If the management takes business decisions that involve new strategies, they should take into account the extent to which these strategies are in accordance with the broader beliefs of employees. This is because these broader beliefs determine the cognition and behavior of members in a business. Therefore, it could be argued that these broader beliefs have to be in line with the new business strategy in order to successfully implement it.
- Factor 5 – Regulation. This factor represents why internal rules and procedures are adopted in order to regulate the business.
- Factor 6 – Co-operation. This factor comprises why and how co-operation amongst colleagues is needed to create value for the focal business.
- Factor 7 – Augmentation. Augmentation implies why and how the scale and scope of the focal business' activities are augmented.
- Factor 8 – Expansion. This factors show how existing boundaries of the focal business are adapted in order to allow for additional future growth. This factor also represents the internal growth opportunities that a business creates for its employees
- Factor 9 – Organization and structuration. Particular business decisions could have a substantial impact on the focal business in such a way that their (core) activities might change. This results into uncertainties on how to manage these activities and within which borders this should be done. For that reason, new ways of organizing, structuring and governing the business have to be adopted.
- Factor 10 – Socioeconomic sustainable aspiration. This factor represents how the focal business' aspires to be socially and economically sustainable.

In the following paragraphs, two ways are represented in which these factors can be organized: along overarching categories and along the dominant value creation drivers of Zott and Amit (2010).

### Organizing the factors along overarching categories

The selective coding process of this thesis has clarified that the factors can be classified into three overarching categories. These overarching categories are: networking, re-evaluating and establishing (see figure 4). They can be described as follows:

- *Networking*. This category consists of factors that reflect the (new) business possibilities derived from interacting and collaborating with stakeholders.
- *Re-evaluating*. This category refers to reflecting on how the current business activities are performed. This serves as a basis for the management to decide which business decisions should and should not be established.
- *Establishing*. This category is comprised of the factors that reflect the establishment of new or existing business decisions. Making business decisions is a relatively complex activity for inclusive businesses in comparison with for-profit businesses. This is because inclusive businesses are characterized with dual value creation logics. More specifically, they take into account and deal with constraints of the BoP as well as constraints resulting from problems of customers.

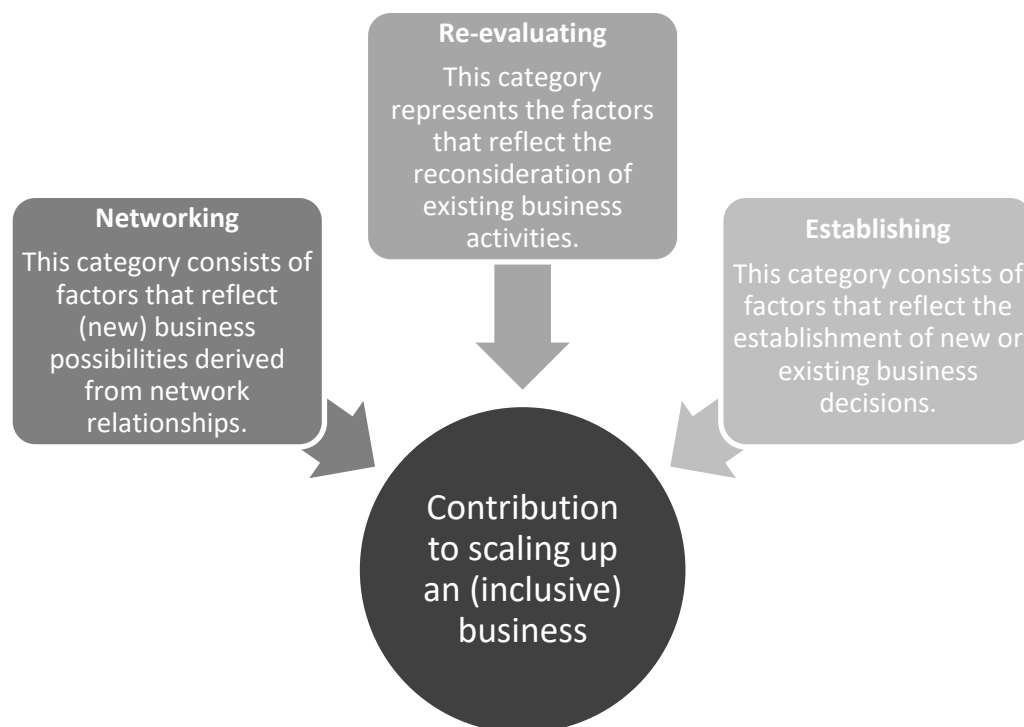


Figure 4 – Overarching categories that contribute to scaling up an (inclusive) business

The derived factors of this thesis are assigned to one of the three overarching categories to which they belong. This makes it easier to understand which factors belong together and which are different. Figure 5 represents to which overarching categories the factors belong.

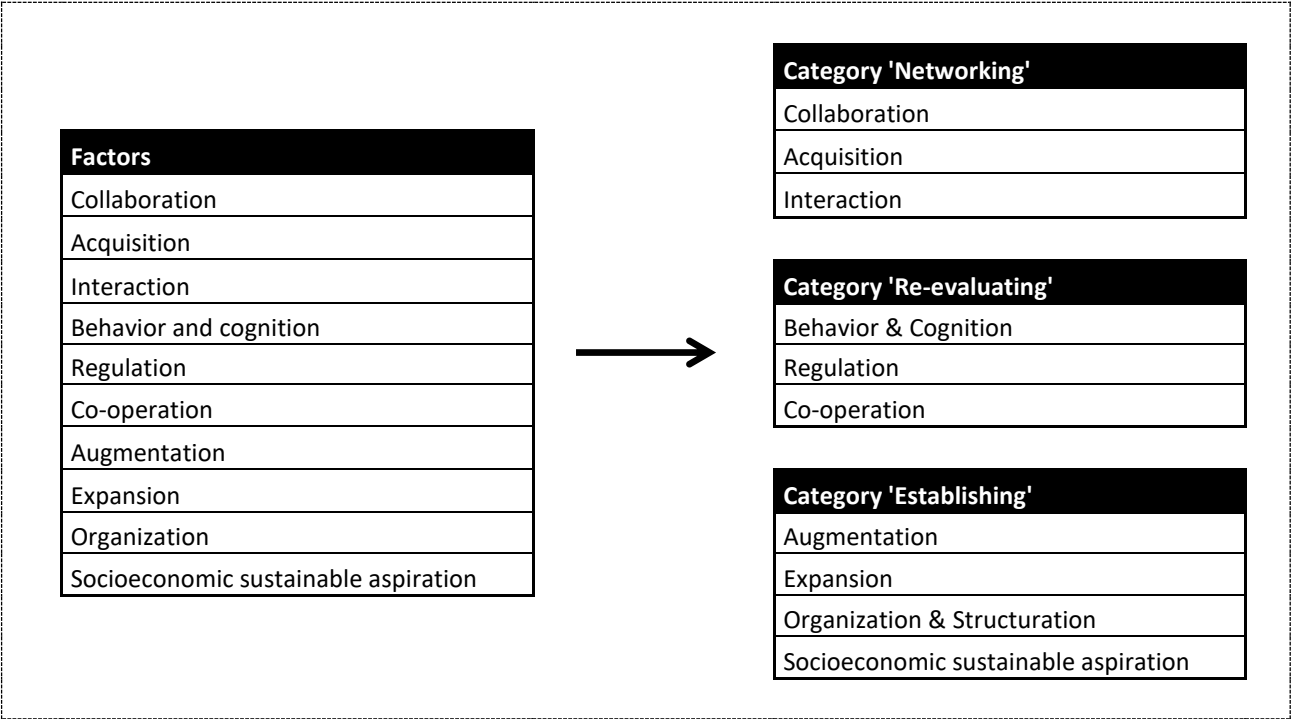


Figure 5 – All factors divided along the overarching categories

### Organizing the factors along their dominant value creation drivers

Another way to organize the factors is by the dominant value creation drivers of Zott and Amit (2010). It was discussed in the within-case analyses to which dominant value creation drivers the factors belonged. This was based on appendix D and E that represent how each factor adds value for business X and Y respectively. Table 16 represents a summarized comparison of these factors.

Table 16 – Comparison between the factors of business X and Y

Comparison between the factors of business X and Y		
Value creation drivers (Zott & Amit, 2010)	Factors business X	Factors business Y
Novelty	Augmentation	Augmentation
	Collaboration	N/A
Lock-in	Co-operation	N/A
	Collaboration	Collaboration
Complementarities	Acquisition	N/A
	Expansion	N/A
Efficiency	Acquisition	Acquisition
	Behavior & Cognition	Behavior & Cognition
	Regulation	Regulation
	Expansion	Expansion
	Organization & Structuration	N/A

It is worth mentioning that the factors of business X served as a baseline here. In other words, the factors of business Y are only mentioned if they are also mentioned at business X. This is because the factors of business Y can be eliminated if they do not correspond to business X as they add no value in answering the main research question of this thesis. Structuring the factors in this way provides a basis for section 4.3 (the cross-case analysis) to elaborate on.

### 4.3 Cross-case analysis

This section aims to provide an answer to the third subquestion of this thesis. This is done through a cross-case analysis and the propositions for future research are also formulated here. The factors of business X and Y that add value through novelty, lock-in, complementarities and efficiency are compared in subsection 4.3.1 till 4.3.4 respectively. The differences arising from this could indicate which factors in particular add value with regard to scaling up inclusive businesses. Therefore, propositions are formulated for future researchers based on these differences.

#### 4.3.1 Adding value through novelty

In this subsection, it is compared how the factors ‘collaboration’ and ‘augmentation’ add value through novelty for business X and business Y. Based on this comparison, three propositions can be derived. Table 17 provides an overview of the factors and subfactors that contribute to scaling up business X and business Y.

**Table 17 – Factors and subfactors that add value through novelty for business X and business Y**

<b>(Sub)factors adding value through novelty</b>		
	<b>Subfactors business X</b>	<b>Subfactors business Y</b>
<b>Collaboration</b>	With the BoP to gain mutual benefit	N/A
<b>Augmentation</b>	To expand product offerings to solve complexity of poverty	To expand product offerings
	To adopt more environmental friendly solutions	To adopt more environmental friendly solutions

The BoP is characterized as resource-scarce and therefore inclusive businesses depend more on finding novel ways to recombine extant resources. For this reason, business X includes the BoP in their business activities with the intention to promote cultural diversity. They argue that diverse cultures stimulate the creativity in their business. In addition, none of the respondents with regard to business Y indicated the potential relevance of cultural diversity. Following this line of reasoning, the next proposition can be formulated:

**Proposition 1A:** Cultural diversity contributes more to scaling up inclusive businesses in a BoP context than conventional for-profit businesses in a developed context.

In addition, business X and business Y have both indicated the value of product diversification with regard to their growth. However, business X has scaled up due to product diversification mainly in their initiation phase, while business Y did not specify a particular era in which product diversification was of most value. This conforms to Bocken et al. (2016) who argue that inclusive businesses with sourcing models tend to diversify in the early stages in order to solve the complexity of poverty and after that penetrate their target markets. In addition, business Y offers their products to businesses at developed contexts, but business X offers their products also to the BoP. As a result, the following proposition can be formulated:

**Proposition 1B:** In the initiation phase, product diversification contributes more to scaling up an inclusive business in a BoP context than a conventional for-profit in a developed context.

Moreover, business X and business Y pointed out that they are adopting more environmental product solutions. However, they do this for different reasons. For example, business X recycles by-products from their production processes into new products. Although this solution seems to be quite simple, many people have to get used to the idea that ‘plastic waste’ is valuable. It could be argued that business X has discovered this earlier than other businesses because they operate in a resource-constraint context. More specifically, business X had to seek, earlier than other businesses in developed contexts, for alternatives that reframe the constraints into beneficial opportunities. In contrary, business Y creates more environmental friendly product solutions because there is an increased demand for it. For instance, Unilever is focusing more on selling environmental friendly solutions and therefore they procure more of these types of products from business Y. However, business Y still has to adapt their production processes in order to be able to produce these products. Adapting production processes involve substantial changes and therefore also uncertainty in the business. In other words, businesses that operate in resource-constraints such as the BoP may be more flexible than conventional for-profit businesses. This is because they are more familiar with reframing constraints and therefore they may create more competitive advantage from inquiries of which they cannot produce yet. Following this line of reasoning, the next proposition can be formulated:

**Proposition 1C:** Inclusive businesses in BoP-contexts create more competitive advantage from inquiries regarding environmental friendly product solutions than conventional for-profit businesses in developed contexts.

**4.3.2 Adding value through lock-in**

In this subsection, it is compared how the factors ‘collaboration’ and ‘co-operation’ add value through lock-in for business X and business Y. Based on this comparison, there can be derived two propositions. Table 18 provides an overview of the factors and subfactors that contribute to scaling up business X and business Y.

**Table 18 – Factors and subfactors that add value through lock-in for business X and business Y**

<b>(Sub)factors adding value through lock-in</b>		
	<b>Subfactors business X</b>	<b>Subfactors business Y</b>
<b>Collaboration</b>	Consider barriers for employees and partners	Consider barriers for partners
<b>Co-operation</b>	Through building trustworthiness and internal agreements	N/A

Business X is constantly seeking for other physical constraints that are experienced by employees. They attempt to mitigate these constraints in order to stimulate people from the BoP to work. For example, several employees of business X are physically constrained on their way to work. More specifically, they have no means of transport and therefore they have to walk to substantial distances sometimes. Therefore, businesses in the BoP have to decide whether to offer safe and decent ways of transportation for those who need it. It can be argued that offering alternatives is a possibility for business X to deviate from other business in their area. This is because not many employers provide this opportunity in this area. As a result, offering ways of transportation could imply that employees more likely to remain working for business X. This is especially relevant in the BoP because skilled employees are scarce there. However, this is different in a developed context. To

be more specific, the management of business Y assumes that everybody can arrange its own way of transportation. Instead, business Y attempts to discover the constraints that (potential) partnerships experience. Namely, business Y can only mitigate these ‘collaboration barriers’ if they know why their (potential) partners are hesitating to collaborate. As a result, the following proposition can be formulated:

**Proposition 2A:** Considering constraints for employees contributes more to scaling up inclusive businesses in a BoP-context while considering constraints for partners contributes more to scaling up for-profit businesses in a developed context.

In addition, business X builds trustworthiness and focuses on creating internal agreements with its employees. This is because it improves the atmosphere of the working environment and therefore people are less likely to feel the urge of leaving the business. In addition, in the last twenty years there have occurred relatively many strikes for pay raises in the area where business X operates. These strikes have sometimes resulted in conflicts of interests amongst employees. In short, these conflicts of interest include people who want to strike for pay raise and people who do not. Business X argues that these strikes are particularly occurring in their area because pay has more influence on their living situation. In other words, there are fewer social benefits people can apply for than for example in more developed contexts such as the one that business Y operates in. Therefore, business X attempts to prevent strikes as much as possible. Following this line of reasoning, the next proposition can be formulated:

**Proposition 2B:** Building trustworthiness and focusing on creating internal agreements with employees contributes more to scaling up inclusive businesses in a BoP-context than scaling up a for-profit business in a developed context.

**4.3.3 Adding value through complementarities**

In this subsection, it is compared how the factors ‘acquisition’ and ‘expansion’ add value through complementarities for business X and business Y. Based on this comparison, there can be derived two propositions. Table 19 provides an overview of the factors and subfactors that contribute to scaling up business X and business Y.

**Table 19 – Factors and subfactors that add value through complementarities for business X and business Y**

<b>(Sub)factors adding value through complementarities</b>		
	<b>Subfactors business X</b>	<b>Subfactors business Y</b>
<b>Acquisition</b>	Human resources with desired mentality and values	N/A
<b>Expansion</b>	To create internal growth opportunities for employees	N/A

Business Y attempts to improve efficiency by shaping the desired mentality and values of employees. Every manager has mentioned in their interview that a particular mindset is needed to which they attribute their success and the success of the company. To be more specific, employees should challenge themselves to do more than only their job and try to notice potential improvements of any process they are involved in. In other words, the desired mindset of employees at business Y seems to be one that encourages efficiency within the business. While business Y focuses on shaping

the desired values and mentality of employees, business X focuses more on values and mentality of employees during their hiring process. This is important in a BoP context because due to governmental regulations that stimulate positive discrimination, some people from the BoP consider it as their right to be working at a company instead of a privilege. As a result, the following proposition can be formulated:

**Proposition 3A:** Focusing on the desired mentality and values of employees during their hiring process contributes more to scaling up an inclusive business in a BoP-context than a for-profit business in a developed context.

Furthermore, business X creates internal growth opportunities to cover complexity resulting from growth. This is particularly needed in the BoP because of the scarcity of employees, thus business X focuses on creating desired career opportunities for existing employees. Business X argues that this increases the likelihood that employees remain working for them. Also, creating internal growth opportunities enables the development of employees from the BoP, which indicates the societal impact that business X delivers. Consequently, they are also becoming valuable for the business. In contrary, employees of business Y are more responsible for their own development. Although the management of business Y creates growth opportunities for their employees, they do take into account less the personal desires of employees. Following this line of reasoning, the next proposition can be formulated:

**Proposition 3B:** Creating internal growth opportunities for employees contribute more to scaling up an inclusive business in a BoP-context than a for-profit business in a developed context.

**4.3.4 Adding value through efficiency**

In this subsection, it is compared how the factors ‘acquisition’, ‘behavior and cognition’, ‘regulation’, ‘expansion’ and ‘organization and structuration’ add value through efficiency for business X and business Y. Based on this comparison, there can be derived five propositions. Table 20 provides an overview of the factors and subfactors that contribute to scaling up business X and business Y.

**Table 20 – Factors and subfactors that add value through efficiency for business X and business Y**

<b>(Sub)factors adding value through efficiency</b>		
	<b>Subfactors business X</b>	<b>Subfactors business Y</b>
<b>Acquisition</b>	To gain competitive advantage or to increase societal impact	To gain competitive advantage
<b>Behavior &amp; Cognition</b>	To improve interdepartmental connectedness	To improve interdepartmental connectedness
<b>Regulation</b>	To stimulate employee’s participation in (improvement) processes	To monitor progress & to prevent and mitigate defaults
<b>Expansion</b>	Through acquisitive growth	Acquisitive and organic growth
<b>Organization &amp; Structuration</b>	To streamline business structure and operations with customers’ needs.	N/A



Strategically sourcing implies taking into consideration two decisions for business X. The first decision implies that business X sources from the BoP. It can be argued that this increases the employment opportunities and purchasing power of the business they source it from. In other words, sourcing from the BoP creates possibilities for impoverished populations to develop. The second decision is that business X sources from businesses that offer the lowest prices. These businesses are mostly established abroad in developed countries. This decision is debatable because some respondents argue that this creates value and competitive advantage merely for business X and not for the BoP. However, other respondents have argued that it also adds value for the BoP but in a more indirect way. More specifically, competitive advantage allows the business to scale up which may create additional employment opportunities that people from the BoP can apply for. Moreover, scaled up companies may be able to offer more internal development opportunities for its employees. As a result, the following proposition can be formulated:

**Proposition 4A:** Sourcing from abroad contributes more to scaling up an inclusive business than sourcing domestically.

In addition, business X argues that their business has scaled up through employees that think about the implications of their activities for other departments. In other words, their broader belief system implies that employees are working for the business as a whole, rather than merely the department they are working in. However, creating interdepartmental connectedness is difficult as employees from the BoP have a relatively lower education. Therefore, it could be that they do not realize the connection of their activities to activities from employees of other departments. In other words, it can be argued that more efforts have to be made in BoP-contexts than in developed contexts to create interdepartmental connectedness, which results into less overall value for a business in the BoP. Following this line of reasoning, the next proposition can be formulated:

**Proposition 4B:** Interdepartmental connectedness contributes less to scaling up an inclusive business in a BoP-context than a for-profit business in a developed context.

Moreover, a factor that contributes to scaling up business X is regulation in order to stimulate employee's participation in improvements processes. People that are hired from the BoP are relatively uneducated. These employees are mostly taught by, amongst other things, participation in the business' activities. However, at the initiation of their career at business X they have to do production work. It is known amongst the managers of business X that these types of activities are the first to be considered as 'uninteresting'. For this reason, the management attempts to motivate their employees by adopting a transformational leadership style. As a result, the following proposition can be formulated:

**Proposition 4C:** Transformational leadership contributes more to scaling up an inclusive business in a BoP-context than transactional leadership.

Furthermore, growing organically is found to be difficult in the BoP because of its resource-scarce characteristics. Therefore, the parent company of business X chooses to rely on other measures such as growth through acquiring additional businesses. Acquisitive growth is also an opportunity to acquire additional human resources which are difficult to find in the BoP.

Nevertheless, businesses in developed contexts have, in general, better access to resources and therefore it can be argued that they are more likely to grow organically than businesses in a BoP-context. Following this line of reasoning, the next proposition can be formulated:

**Proposition 4D:** Focusing on organic growth contributes less to scaling up an inclusive business in a BoP-context than a for-profit business in a developed context.

Lastly, in order to increase efficiency of an affiliate business of business X, the departments (from now on called 'value streams') have been designed in a way that every value stream is responsible for and capable of fully producing a particular product. For every value stream, a multi-skilled team is introduced consisting of employees from every 'traditional' department. As a result, every value stream is capable of entirely producing the product they are responsible for. In addition, it could be argued that the introduction of Value Stream Management (VSM) is in particular relevant in contexts such as the BoP. This is because VSM has created teams consisting of people that would otherwise probably never collaborate since they worked in different departments. Consequently, the value stream teams are multi-skilled which creates the possibility for members from the BoP to be educated in a broader sense. More specifically, they are included in all activities of making a product while they would previously, before the introduction of VSM, only learn about the tasks performed of one particular traditional department. As a result, the following proposition can be formulated:

**Proposition 4E:** Streamlining a business structure with customers' needs contributes more to scaling up an inclusive business than a for-profit business in a developed context.

#### 4.3.5 Conclusion of the cross-case analysis

In conclusion, the last subquestion of this thesis can be answered: *'What are the differences between the factors that contribute to scaling up an inclusive business in a BoP-context (business X) and a conventional for-profit business in a developed context (business Y)?'*. The differences between the factors are discussed below along their dominant value creation drivers.

- *Adding value through novelty*

The factors 'collaboration' and 'augmentation' indicate three differences between business X and Y. The first difference is that business X adds value through novelty by collaborating with the BoP while business Y does not do this. This could be because business X has a rich diversity of cultures amongst their employees which may stimulate the business' creativity. The second difference comprises that product diversification has enabled business X to scale up in its initiation phase, while the growth of business Y did not belong to a particular era. The last difference is that business X creates more competitive advantages from novel environmental friendly product solutions than business Y. These types of product solutions involve complexity as they are different from former productions. However, business X is more familiar with reframing constraints (as they operate in a resource-constraint context) and therefore they may create more competitive advantage from inquiries of which they cannot produce yet.

- *Adding value through lock-in*

The factors 'collaboration' and 'co-operation' indicate two differences between business X and Y. The first difference is that business X considers the barriers that partners and employees experience while business Y only considers the barriers of partners. More specifically, several employees of business X are physically constrained on their way to work. They have no means of transport and therefore they have to walk to substantial distances. Therefore, businesses in the BoP have to decide whether to offer safe and decent ways of transportation for those who need it. Another difference comprises that business X focuses more on building trustworthiness and internal agreements than business Y. This is because in the last twenty years relatively many strikes have occurred for pay raises in the area where business X operates. Business X argues that these strikes are particularly occurring in their area because pay has more influence on their living situation.

- *Adding value through complementarities*

The factors 'acquisition' and 'expansion' indicate two differences between business X and Y. Firstly, business X focuses more on the desired mentality and values of employees during their hiring process than business Y. This is because positive discrimination is stimulated in the area of business X. As a result, some people from the BoP consider it as their right to be working at a company instead of a privilege. Secondly, business X focuses more on creating (internal) growth opportunities for its employees than business Y. Business X argues that this increases the likelihood that employees remain working for them, which is particularly needed in the BoP because of the scarcity of employees.

- *Adding value through efficiency*

The factors 'acquisition', 'behavior & cognition', 'regulation', 'expansion' and 'organization & structure' indicate five differences between business X and Y. The first difference implies that business X sources in order to increase competitive advantage and societal impact while business Y merely sources with the aim to maximize competitive advantage. Another difference is that interdepartmental connectedness is harder to achieve at business X than at business Y. In addition, a difference is that business X attempts to improve efficiency by motivating their employees, while business Y focuses more on monitoring progress and regulations that prevent and mitigate defaults. Moreover, business X finds it more difficult to grow organically than business Y. This could be because of the resource-scarce characteristics of the BoP. Therefore, business X chooses to rely on other measures such as growth through acquiring additional businesses. The last difference implies that business X tends to streamline its business structure and operations with the needs of customers while business Y does not. In order to do this, business X has adopted value stream management. This has resulted into new teams consisting of people that would otherwise probably never collaborate since they worked in different departments. As a result, members from the BoP can be educated in a broader sense.

## 5. Conclusion

In this chapter the conclusions of this thesis are described. The first section represents the main findings and the second section discusses the limitations and recommendations of this thesis. In the second section, a division is made between the reliability, internal validity and external validity of this thesis' findings.

### 5.1 Main findings

The objective of this thesis was to discover the factors that contribute to scaling up an inclusive business. Therefore, this thesis was aimed at answering the following research question: *What are the factors that contribute to scaling up an inclusive manufacturing business in a BoP-context?* In order to answer this research question, this thesis is split into a theoretical part (chapter two) and an empirical part (chapter four).

For the theoretical part, the following subquestion was answered: *What do the theoretical concepts Bottom-of-Pyramid (BoP), inclusive business and scaling imply in this thesis?* To conclude, the BoP consists of three different versions. The BoP 1.0 can be considered as a new opportunity for businesses to tap into unsaturated markets with a focus on market penetration. In contrast, BoP 2.0 and 3.0 observe poverty as a complex problem that needs to be solved through product diversity and including the BoP into a business' activities. This thesis accords with the definition of BoP 2.0 and 3.0 as these versions are more likely to contribute to the alleviation of poverty. In addition, the second part of the first subquestion of this thesis can be answered. More specifically, the definition of an inclusive business in this thesis resembled a sustainable business model (SBM). However, this thesis slightly adapted this as the definition of SBM was not entirely clear about how customer value is achieved. Therefore, an inclusive business is defined in this thesis as follows: *"a business that creates competitive advantage by managing resources and forming valuable business relationships to enhance its financial viability in order to stimulate development of the focal business as well as together with its society"*. Lastly, the final part of the first subquestion can be answered. Namely, the main focus of scaling up inclusive businesses is to enlarge social outreach and sustainable impact. In contrary, the main reason to scale up for-profit businesses is to enlarge monetary value capturing possibilities.

For the empirical part, two subquestions were answered. The first subquestion was: *What are the factors that contribute to scaling up an inclusive manufacturing business in a BoP context (business X) and a for-profit manufacturing business in a developed context (business Y)?* In conclusion, ten factors contribute to scaling up business X as well as business Y. These factors can be subdivided into three overarching categories, namely: networking, re-evaluating and establishing. First, the category 'networking' consisted of the factors: collaboration, acquisition and interaction. The factor collaboration showed the potential to scale up a business through accessing new knowledge sources and the expansion of production capabilities as a result of collaborating. In addition, the factor acquisition represented how and why resources are acquired in order to scale up the business. Moreover, the factor interaction presented the added value through interaction between the focal business and its stakeholders. These stakeholders were customers, suppliers, partnerships and also the focal business' employees. Second, the category 're-evaluating' was comprised of the factors: behavior & cognition, regulation and co-operation. The factor behavior and cognition implied that if the management takes business decisions that involve new strategies, they should take into account the extent to which these strategies were in accordance with the broader beliefs of employees. Furthermore, the factor regulation represented why and how internal rules and

procedures were adopted in order to regulate the business. Moreover, the factor co-operation comprised why and how co-operation amongst colleagues is needed to create value for the focal business. Third, the category 'establishing' consisted of the factors: augmentation, expansion, organization & structuration and socioeconomic sustainable aspiration. The factor augmentation represented why and how the scale and scope of the focal business' activities were augmented. In addition, the factor expansion represented how existing boundaries of the focal business were adapted in order to allow for additional future growth. Furthermore, the factor organization and structuration represented the new ways of organizing, structuring and governing that are needed as a result of uncertainties that arise from particular business decisions. Lastly, the factor socioeconomic sustainable aspiration represented how the focal business' aspires to be socially and economically sustainable.

The second subquestion of the empirical part of this thesis was: *What are the differences between the factors that contribute to scaling up an inclusive manufacturing business in a BoP-context (business X) and a for-profit manufacturing business in a developed context (business Y)?* In order to answer this subquestion, a cross-case analysis was conducted in which the factors of business X and Y were compared along their dominant value creation drivers. This comparison<sup>3</sup> clarified the factors that particularly contributed to scaling up business X, which answers the research question of this thesis.

To conclude, the factors 'collaboration' and 'augmentation' contribute to scaling up business X by adding value through *novelty*. First, the factor collaboration represented how business X scaled up through collaborating with the BoP while business Y did not do this. More specifically, the BoP is characterized as resource-scarce and therefore inclusive businesses depend more on finding novel ways to recombine extant resources. For this reason, business X included the BoP in their business activities with the intention to promote cultural diversity. They argued that diverse cultures stimulated the creativity in their business. Second, the factor 'augmentation' comprises that product diversification enabled business X to scale up in its initiation phase, while the growth of business Y did not belong to a particular era. This conforms to the idea that inclusive businesses tend to diversify in the early stages in order to solve the complexity of poverty. In addition, the factor augmentation showed how business X scaled up as a result of more competitive advantages from novel environmental friendly product solutions than business Y. These types of product solutions involved complexity as they were different from usual productions. Business X was more familiar with reframing constraints (as they operate in a resource-constraint context) and therefore they may have created more competitive advantage from inquiries of which they could not produce yet.

In addition, the factors 'collaboration' and 'co-operation' contribute to scaling up business X by adding value through *lock-in*. Firstly, the factor collaboration implied that business X added value by mitigating the barriers that partners and employees experienced, while business Y only mitigated the barriers of partners. For example, several employees of business X did not have any means of transport and therefore they had to walk substantial distances to work. For this reason, businesses in the BoP had to decide whether to offer safe and decent ways of transportation for those who needed it. Offering alternatives was a possibility for business X to deviate from other business in their area. This was because not many employers provide this opportunity in this area. As a result, offering ways of transportation could imply that employees were more likely to remain working for business X. This is especially relevant in the BoP because skilled employees were scarce. Secondly, the factor

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<sup>3</sup> In order to promote the readability, the propositions that arise from this comparison are not described in this chapter. The propositions can be found in chapter 4.3.

co-operation comprised that business X scaled up through building trustworthiness and internal agreements. This was because it improved the atmosphere of the working environment and therefore people were less likely to feel the urge of leaving the business.

Furthermore, the factors 'acquisition' and 'expansion' contribute to scaling up business X by adding value through *complementarities*. The first factor implied that business X focused on the desired mentality and values of employees during their hiring process. This was especially relevant in a BoP context because due to governmental regulations that stimulated positive discrimination, some people from the BoP considered it as their right to work at a company instead of a privilege. The second factor meant that business X scaled up through creating (internal) growth opportunities for its employees. This was particularly needed in the BoP because of the scarcity of employees, thus business X focused on creating desired career opportunities for existing employees. Business X argued that this increased the likelihood that employees remain working for them. Also, creating internal growth opportunities enabled the development of employees from the BoP, which indicated the societal impact that business X delivers.

Lastly, the factors 'acquisition', 'behavior & cognition', 'regulation', 'expansion' and 'organization & structure' contribute to scaling up business X by adding value through *efficiency*. Firstly, the factor acquisition represented how business X scaled up as it sourced in order to increase competitive advantage and societal impact. This was different from business Y that merely sourced with the aim to maximize competitive advantage. Secondly, the factor behavior & cognition enabled business X to scale up through employees that thought about the implications of their activities for other departments. However, creating interdepartmental connectedness was difficult as employees from the BoP had a relatively lower education. Therefore, it could be that they did not realize the connection of their activities to activities from employees of other departments. As a result, it can be argued that more efforts had to be made in BoP-contexts than in developed contexts to create interdepartmental connectedness, which resulted into less overall value for an inclusive business in the BoP. Thirdly, the factor regulation represented how business X scaled up through improving efficiency by motivating their employees. To be more specific, people who were hired from the BoP were relatively uneducated. These employees were mostly taught by, amongst other things, participation in the business' activities. However, at the initiation of their career at business X they had to do production work. It was known amongst the managers of business X that these types of activities were the first to be considered as 'uninteresting'. For this reason, the management attempted to motivate their employees by adopting a transformational leadership style. Fourthly, the factor expansion showed how business X scaled up through focusing on organic growth. Namely, growing organically was found to be difficult in the BoP because of its resource-scarce characteristics. Therefore, the parent company of business X chose to rely on other measures such as growth through acquiring additional businesses. Acquisitive growth was also an opportunity to acquire additional human resources which were difficult to find in the BoP. Nevertheless, businesses in developed contexts had, in general, better access to resources and therefore it can be argued that they were more likely to grow organically than businesses in a BoP-context. Fifthly, the factor organization & structure represented the acquired growth resulted from streamlining the business structure and operations with the needs of customers. For instance, an affiliate business of business X designed its departments in a way that every team (value stream) was responsible for and capable of fully producing a particular product (value streams). For every value stream, a multi-skilled team was introduced consisting of employees from every 'traditional' department. As a result, every value stream was capable of entirely producing the product they were responsible for, which improved the

efficiency of the business. At last, the value stream teams were multi-skilled which created the possibility for members from the BoP to be educated in a broader sense.

The theoretical relevance of these findings is that future researchers can deductively test the factors. To be more specific, future researchers can determine the factors' generalizability by testing them in other industries or regions with a BoP-context. In order to do this, future researchers can utilize the propositions that were formulated in chapter 4.3. The practical relevance is that these abovementioned factors serve as a frame of reference for practitioners to scale up inclusive businesses and thus promote inclusivity in the BoP.

## 5.2 Limitations and recommendations

### 5.2.1 Internal validity

Both business X and Y have stressed multiple times the importance of initiating their business with a particular shareholder (business Z). In both instances, business Z is the supplier of the parent company of business X and Y. Multiple respondents of both companies have indicated the relevance of business Z as a shareholder in the initiation phase of business X and Y. This is one of the examples that illustrate that theoretical saturation was achieved which positively influences the internal validity of this thesis. In addition, the important role of business X could be a valid reason to declare the growth of business X and Y. However, the relevance of this may be substantial in the starting phase to an extent that the other factors become insignificant. Therefore, the internal validity of this thesis' findings is in particular questionable with regard to scaling up inclusive business that have recently initiated.

Nonetheless, an attempt is made to uncover all relevant factors that contribute to scaling up an inclusive business in a BoP-context. This is done by conducting explorative case studies in which interviews and observations were conducted. Then, the interviews and observations are coded through the use of the grounded theory method. However, it remains arguable whether literature research should be done in combination with the grounded theory. To be more specific, it can be argued that literature review biases the view of researchers. As a result, the researcher would only take into account particular relevant aspects which could negatively influence the internal validity. On the other side, as Dey (1999) argues, an open mind is not an empty head. This implies that it makes a difference how prior knowledge is used. In other words, prior literature should be utilized to inform the analysis instead of directing towards existing literature. This thesis takes this into account because it allows new important factors to be found which improves the internal validity of this thesis.

In addition, during the interviews it turned out that the respondents did not always give an objective answer. More specifically, certain respondents applied too much nuance to their answers. This is probably because they wanted to give socially desired answers. Moreover, not every opinion was supported by an underlying motivation. This can lead to more factors playing a role than the factors that are represented in this thesis' findings. As a result, this thesis becomes less internally valid. In order to mitigate this issue, the interview questions were reformulated if it turned out that they were misunderstood or misinterpreted. Furthermore, the interview questions were based on the definition of an inclusive business in this thesis. This increases the chance of measuring what needs to be measured which improves the validity of this thesis

Also, a hierarchy has yet to be discovered that indicates to what extent each factor has an effect on scaling up an inclusive business. It is also not known whether the factors overlap. This is relevant because it will clarify the significance of the factors. Therefore, the internal validity of this thesis would have been better if more orientation interviews were held in which the relevant factors emerged. Subsequently, an interview phase could take place in which the degree of influence was determined. Another option is to conduct an interview phase to determine the relevant factors, and then arrange a survey phase to determine the degree of influence. Future research could adopt one of these approaches. Moreover, relatively few factors add value through novelty, lock-in and complementarities compared to the amount of factors that add value through efficiency (see table 21). A reason for this could be that the analyzed business is a manufacturing business with a main



focus on increasing efficiency. However, this is not certain and therefore the internal validity of this research may be questionable because this can be a sign that not all factors are taken into account.

**Table 21 – Factors that contribute to scaling up business X**

Value adding factors of business X			
Novelty	Lock-in	Complementarities	Efficiency
Augmentation	Co-operation	Acquisition	Acquisition
Collaboration	Collaboration	Expansion	Behavior & Cognition
			Regulation
			Expansion
			Organization & Structuration

**5.2.2 External validity and representativeness**

The analyzed businesses of this thesis are quite influential and known in the areas in which they operate. In addition, the categories, factors and subfactors are not formulated too specified because then it would be difficult to generalize them. Moreover, this thesis does not only include respondents from business X and Y but also other stakeholders related to business X and Y. This is particularly useful in this thesis because the definition of inclusive businesses takes into account the total value created amongst stakeholders. As a result of the above mentioned measures, the representativeness and thus the external validity of this thesis is positively influenced.

Nonetheless, including business X and Y implies that this thesis uses a convenience sample as these businesses are easy to contact and reach. This entails some representativeness issues due to sampling errors. Namely, the findings of this thesis could be influenced by contexts as the cases are based on businesses from different countries. It would be more representative to analyze multiple inclusive businesses from South Africa. However, the findings of Brehmer et al. (2018) call for the need of comparing a for-profit business with an inclusive business. More specifically, they found that inclusive businesses have likewise business model structures as conventional for-profit businesses and therefore do not play a role in scaling up inclusive businesses. Although Brehmer et al. (2018) have shown that the business model structures do not play a role, it is not yet known why inclusive businesses remain relatively small in comparison with conventional for-profit businesses. This is intriguing because Polak (2009) emphasizes the need to understand how inclusive businesses can be scaled up. Namely, the societal impact of inclusive businesses is limited when they remain small. This indicates the need for an in-depth analysis of how scaling up inclusive businesses is different from scaling up conventional for-profit businesses. For this reason, business X and Y are included into the case study of this thesis.

In addition, it has yet to be discovered in what order an inclusive business has to carry out the factors discussed in this thesis findings in order to scale up. It is also unknown whether the factors iteratively or in conjunction influence each other. As a result, the generalizability of this thesis’ findings is diminished. To mitigate this, future research could deductively test this thesis’ findings in other industries, business segments and countries with BoP-contexts. For example, future researchers can utilize these factors as variables in surveys in order to determine on a large scale whether the factors are contributing to scaling up an inclusive business. The propositions of this thesis can be used to do this. In the end, the factors should be generalized in order to understand how to scale up inclusive businesses in *Sub-Saharan Africa*. This is valuable because this area is understudied in the field of achieving inclusivity in the BoP (Kolk et al., 2014). A first step could be to

generalize this thesis' findings for South Africa. Subsequently, the findings could be generalized for Southern Africa and lastly for Sub-Saharan Africa (see figure 6).



**Figure 6 – A recommended plan of action to generalize the findings for Sub-Saharan Africa.**

### **5.2.3 Reliability**

Several attempts are made to improve the reliability of this thesis. For example, reliability of qualitative research is improved by showing how the findings are derived. Therefore, it is explained in section 4.1 how the data of this thesis is coded. The full coding process is attached in appendix D and E. Moreover, this research used a coding format that has been provided with feedback from several professors and teachers. The format treats the data consistently, so the chance is small that the findings will be different if this thesis is repeated. At last, the same measuring instrument was used at business X and Y. This ensures that the same is measured in both situations.

Nevertheless, the reliability of this thesis can also be questioned. The findings are based on experiences and observations of the respondents. It is found that respondents have given opinions and experiences that were significantly different. In addition, it is possible that respondents make a new observation, which influences their opinion on a certain aspect. As a result, the opinion given during the interview is different from the opinion they currently have. This decreases the chance that the same findings are found when this research is done again, which has a negative effect on the reliability of this thesis.

Furthermore, it remains questionable whether the dominant value creation drivers (design themes) of Zott and Amit (2010) can cover all value adding activities of inclusive businesses. This is because it was difficult to classify the activities that generate positive societal impact on impoverished and underdeveloped populations. Sometimes these activities could be classified as a complementarity as inclusive businesses intend to create *mutual* benefit. However, it becomes more complex to categorize an activity of an inclusive business when it creates value and the BoP is only capturing it. In other words, it can be a bit ambiguous to classify the factors with the dominant value creation drivers of Zott and Amit (2010). This ambiguous process has a negative effect on the chance that the same findings are found when this research is redone, which diminishes the reliability of this thesis.

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## Appendices

### Appendix A - Data sources and respondent descriptions regarding business X

<b>Business X</b>			
<b>Data source</b>	<b>Role</b>	<b>Business name</b>	<b>Relation to business X</b>
Interview	CEO	Parent company	Parent company
Interview	General Manager	Business X	Business X
Interview	Managing Director	Business Z	Co-founder business X and supplier of parent company of business X
Interview	General Manager and former Manager of business X	Affiliate company 1 & business X	Affiliated company of business X and former manager of business X
Interview	Toolroom Manager and former designer	Affiliate company 2 & business X	Manager of another affiliated company of business X and former employee of business X
Interview	Value stream manager & value stream engineer	Affiliate company 3	(Internal) customer of business X
Interview	Manager Procurement	Affiliate company 3	(Internal) customer of business X
Interview	General Manager	Affiliate company 4	Finance, HR and IT services for business units within the parent company
Interactive presentation	Operations Manager	Affiliate company 3	(Internal) customer of business X and introducer of value streams
Company tour	Factory Manager	Two affiliate companies 5 & 6	Manager of two affiliated companies of business X

## Appendix B - Data sources and respondent descriptions regarding business Y

<b>Business Y</b>			
<b>Data source</b>	<b>Role</b>	<b>Business unit</b>	<b>Relation to business Y</b>
Interview	CEO	Parent company	Holding company
Interview	Director	Business Y	Business Y
Interview	Managing Director	Business Z	Co-founder and supplier of business Y
Interview	Operations manager	Business Y	Business Y
Interview	Procurement manager	Business Y	Business Y
Interview	Manager R&D	Affiliate company 1	(Internal) customer of business Y
Board meeting	CEO, Manager R&D & Supplier	Affiliate company 1	(Internal) customer of business Y
After sales meeting	CEO, Manager R&D & Supplier	Affiliate company 1	(Internal) customer of business Y

## **Appendix C – Interview questions**

### **Competitive advantage**

1. [name of the company] exists for approximately [fill in amount] years now. In which period did it grow the fastest?
2. What was the most important to achieve this growth? And how does [name of the company] try to be better than its competition?

### **Management and resources**

1. Do you think the type of management has helped [name of the company] to grow? If yes, how?
2. Are there particular resources that supported the growth of [name of the company]? If yes, how?
2. As a manager, what do you think is the most important to succeed in your job?
3. Is the way of managing the company different now from the beginning? If yes, how is it different?
4. Do you think the company is more effective now or when it was smaller? Why?

### **Development of the business and society**

1. Corporate Social Responsibility (CSR) has become more important in the last years for companies that work in the plastics industry. Is CSR also important for [name of the company]? And what are you doing regarding CSR?
2. How do you motivate employees in difficult times?
3. Is the corporate culture also important for [name of the company]? Why do you think it is important?
4. How do you try to improve the corporate culture?

### **Financial viability**

1. In Europe many companies suffered from an economic crisis. As a result, some companies got difficulties and were at risk. Have there also been financial risks for [name of the company]?
2. Are financial difficulties mostly caused by problems within the company or by others outside the company?
3. To what extent do you think that financial health of [name of the company] contributes to the social impact you have? Why?

### **Business relationships**

1. Who are important suppliers and customers of yours? Why?
2. How did you find and search these companies? And how did you convince them to do business with you?
3. Are there other partnerships that you find important? Why are you doing business with them?
4. If yes, what is crucial to maintain these partnerships?
5. Business Z is an example of a partnership from far away. Do you have more partnerships that are far away? Or do you mainly do business with companies that are located close to [name of the company]?
6. What are the differences between the partnerships from far away and partnerships with companies close to [name of the company]?
7. The government supports companies sometimes. Does [name of the company] have to do much with the government? Do you think this is beneficial?



## Appendix D – Coding scheme for business X

	Adding value through novelty
	Adding value through lock-in
	Adding value through complementarities
	Adding value through efficiency

Fragment	Open coding	Axial coding	Selective coding
At this moment, waste from businesses within the same business group (internal waste) is recycled. As a result, * can be considered as environmentally sustainable as their by-products are not thrown away but actually 100% recycled.	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
At this moment, waste from businesses within the same business group (internal waste) is recycled. As a result, * can be considered as environmentally sustainable as their by-products are not thrown away but actually 100% recycled.	To adopt more environmental friendly solutions	Augmentation	Establishing
Right now, waste is only grinded/recycled from sister companies.	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
Right now, waste is only grinded/recycled from sister companies.	To adopt more environmental friendly solutions	Augmentation	Establishing
Due to the development of new technologies, subsidiaries of * are able to produce plastic packaging with way less scrap. As a result, there will be less to recycle for *. Therefore, * is thinking about buying waste externally so that they can proceed to run their business processes on full capacity.	Through R&D activities	Socioeconomic sustainable aspiration	Establishing
Subsidiaries can recycle their scrap by sending it to *. This way, they can use these materials again for the production of plastic packaging. As a result, they are	To gain competitive advantage	Acquisition	Networking

depending less on suppliers of raw/virgin plastic pellets that have never been used before. This is beneficial because the prices of raw materials tend to fluctuate greatly.			
Subsidiaries can recycle their scrap by sending it to *. This way, they can use these materials again for the production of plastic packaging. As a result, they are depending less on suppliers of raw/virgin plastic pellets that have never been used before. This is beneficial because the prices of raw materials tend to fluctuate greatly.	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
Needs to be proper quality so that it can be used for multiple purposes (the creation of different products)	To expand product offerings to solve complexity of poverty	Augmentation	Establishing
They focus on hiring people from their local area to increase their sustainable impact in the region they are operating in. In other words, they develop people from the BoP by hiring and including them into their business activities. As a result, * can be considered as a socially sustainable business.	By supporting and including marginalized groups	Socioeconomic sustainable aspiration	Establishing
Creating products with the aim to make them appropriate for multiple uses has a positive impact on *'s environmental sustainability. Therefore, they are only producing asset-based products as these conform to values of their business.	To expand product offerings to solve complexity of poverty	Augmentation	Establishing
Creating products with the aim to make them appropriate for multiple uses has a positive impact on *'s environmental sustainability. Therefore, they are only producing asset-based products as these conform to values of their business.	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing

<p>The lower selling price is because of the lower cost price which is possible as * uses internal recycled plastic pellets for the production of their goods. These internal recycled plastic pellets are way cheaper than buying them externally.</p>	<p>To adopt more environmental friendly solutions</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>The lower selling price is an incentive for customers to buy these products. This is relevant because some of *’s customers do not even care about the environment. In addition, the lower cost price is also an incentive for * to continue with the use of recycled materials for their productions.</p>	<p>To gain competitive advantage</p>	<p>Acquisition</p>	<p>Networking</p>
<p>The adoption of a toolroom in the same building as the factory is a win-win situation for both employees and management. More specifically, although there are more labor costs now, there are less overall costs for the business. There are less overall costs because the production process is interrupted to a less extent as the moulds are damaging less frequently which is the result of more maintenance of the moulds in the new toolroom. At last, * has increased its employment rate which also has a positive impact on their social sustainability.</p>	<p>By supporting and including marginalized groups</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>Producing more also comes with increased complexity in inventory management while it is desirable to not even have to have an inventory. Therefore, I have advised to introduce the principles of lean management and focus on a ‘pull’ strategy instead of a ‘push’ strategy.</p>	<p>To correspond business structure and operations with customer’s needs</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>
<p>In general, this is done through stream lining the production process through the following steps:  Deliver what is consumed</p>	<p>To correspond business structure and operations with customer’s needs</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>

<p>Produce what is delivered (2=1)</p> <p>Procure/buy what is produced (3=2)</p>			
<p>An example of the third principle is that the silos with plastic pillets are automatically refilled whenever it hits a particular threshold. For this to happen, we do not even have to contact our supplier as the systems of these silos are automatically giving a signal to them. This way we can maintain a stock level which is optimal in terms of never having too little stock and also not too much. In other words, the stock level is adapted to the amount of consumption.</p>	<p>To correspond business structure and operations with customer's needs</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>
<p>More specifically, we should strive for total efficiency instead of merely function efficiency. This implies that we can also increase our efficiency by changing our corporate structure in a way that it is in parallel of what our customers need. At this moment, I advised the so called value stream management.</p>	<p>To correspond business structure and operations with customer's needs</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>
<p>Before, our business was structured as a traditional production company. We had the following departments: orders, planning .. and so on. If we want to change this, we have to think about the basic products that our customers need. These are in fact: lids, IML produced buckets or off-set printed buckets. According these "general products" we have created our departments/value streams: value stream 'lid', value stream 'IML' and value stream 'printing'.</p>	<p>To correspond business structure and operations with customer's needs</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>
<p>For every value stream we have introduced <i>multi-skilled</i> teams consisting of employees from every "traditional" department. This way every value stream is capable of fully producing the</p>	<p>Create internal growth opportunities for employees</p>	<p>Expansion</p>	<p>Establishing</p>

<p>product they are responsible for. Next to boosting the efficiency in the business, it has boosted other things too (next slide).</p>			
<p>Namely, before the introduction of the value streams, the departments were blaming each other whenever something went wrong. Right now, there is a healthy competition between the value streams which has kind of replaced the toxic environment we first had.</p>	<p>To improve working environment</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>Namely, before the introduction of the value streams, the departments were blaming each other whenever something went wrong. Right now, there is a healthy competition between the value streams which has kind of replaced the toxic environment we first had.</p>	<p>To stimulate employee's participation</p>	<p>Regulation</p>	<p>Re-evaluating</p>
<p>In addition, employees were many times too quick to judge that solving a particular mistake did not belong to their task profile. As a result, they did not solve a problem although it was on them to solve it. This resulted in longer times of solving a problem than what was actually needed.</p>	<p>To improve working environment</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>In addition, employees were many times too quick to judge that solving a particular mistake did not belong to their task profile. As a result, they did not solve a problem although it was on them to solve it. This resulted in longer times of solving a problem than what was actually needed.</p>	<p>To stimulate employee's participation</p>	<p>Regulation</p>	<p>Re-evaluating</p>
<p>Creating value streams instead of traditional departments also created a sense of why they had to perform their tasks. This is because they have got an overview of the whole process now as a value stream is responsible for the created product as a whole.</p>	<p>To improve interdepartmental connectedness</p>	<p>Behavior and cognition</p>	<p>Re-evaluating</p>

<p>At last, it increased sense of responsibility of our employees. In fact, all members of a value stream are responsible for its end product. It does not matter anymore to which traditional department they belonged in the past. I have noticed that a feeling of responsibility is one of the biggest intrinsic motivators one could have.</p>	<p>To create foundation for interdepartmental connectedness</p>	<p>Co-operation</p>	<p>Re-evaluating</p>
<p>At last, it increased sense of responsibility of our employees. In fact, all members of a value stream are responsible for its end product. It does not matter anymore to which traditional department they belonged in the past. I have noticed that a feeling of responsibility is one of the biggest intrinsic motivators one could have.</p>	<p>To stimulate employee's participation</p>	<p>Regulation</p>	<p>Re-evaluating</p>
<p>Another way in which we have made an attempt to structure the organization is through <i>decentralization</i>, which is called 'project footprint'. Before the way of controlling the organization was very direct and there was only one layer of managers who made the decisions. It was at the time really a top down structure. However, when the business grew, it also increased the complexity of managing</p>	<p>To allow for discretion and assertiveness</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>
<p>The managers noticed that the organization was too large to be managed by only them and also communication lacked. Therefore, I proposed to decentralize the organization as this brings the discretion closer to the place where choices have their impact. This also increased the efficiency since there was simply no time for the management to judge about every particular instance.</p>	<p>To allow for discretion and assertiveness</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>

<b>They also can intervene faster when they notice something has to be improved and their autonomy allows them to do so</b>	To prevent and mitigate defaults	Regulation	Re-evaluating
<b>Maybe in the future I want to specify the value streams even further so that a value stream is responsible for a whole product. Right now, I have noticed that with some productions there are still involved multiple value streams. It would be better if this was not the case as it causes some confusion sometimes</b>	To correspond business structure and operations with customer's needs	Organization & Structuration	Establishing
<b>So this is why I am thinking about creating departments according to how "valued" a customer is. Our most valuable customers will be considered as platinum customers and employees from the value stream 'platinum' is then going to produce for them. The same for gold and silver and so on</b>	To correspond business structure and operations with customer's needs	Organization & Structuration	Establishing
<b>Another way to structure our business is to make it even more parallel with our customer needs than it is now. This means that we have to think about what in the end is going to be inside the packaging which we are producing for our customers. We know that we mostly have customers that serve paint and oil markets so it is also an idea to create value stream according to our customer's customers</b>	To correspond business structure and operations with customer's needs	Organization & Structuration	Establishing
<b>The type of technology we use to produce our buckets with also determines how efficient we perform our tasks</b>	Through R&D activities	Socioeconomic sustainable aspiration	Establishing
<b>The disadvantage of this is that it has long changeover times, much scrap is produced until the 'right setting' is found and it has high labor costs</b>	Through focusing on costs	Socioeconomic sustainable aspiration	Establishing
<b>For the second technology, IML, the labels have to be bought beforehand and they are put on the bucket at the same time it is created. Although the efficiency of</b>	Through focusing on costs	Socioeconomic sustainable aspiration	Establishing

<p>this process is better than the last one, still the same amount of scrap is produced. In addition, we still depend on countries abroad who deliver these labels to us and we also still have to create an inventory for it</p>			
<p>The third technology, technology X, produces way less scrap, is cheaper, can produce just small orders and gives us a shorter time to market (less production time). Also, there is no need to import labels. With the last production technology we can fully rely on domestic companies which could give us a great competitive advantage.</p>	<p>To expand product offerings to solve complexity of poverty</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>The third technology, technology X, produces way less scrap, is cheaper, can produce just small orders and gives us a shorter time to market (less production time). Also, there is no need to import labels. With the last production technology we can fully rely on domestic companies which could give us a great competitive advantage.</p>	<p>To adopt more environmental friendly solutions</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>The third technology, technology X, produces way less scrap, is cheaper, can produce just small orders and gives us a shorter time to market (less production time). Also, there is no need to import labels. With the last production technology we can fully rely on domestic companies which could give us a great competitive advantage.</p>	<p>Through focusing on costs</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>The third technology, technology X, produces way less scrap, is cheaper, can produce just small orders and gives us a shorter time to market (less production time). Also, there is no need to import labels. With the last production technology we can fully rely on</p>	<p>By supporting and including marginalized groups</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>



domestic companies which could give us a great competitive advantage.			
However, since these teams are formed with the intention to be multi-skilled, they gain extra benefit whenever their members are from multiple cultural backgrounds as this offers us more perspectives and insights on how to perform tasks in the best way	With BoP to gain mutual benefit	Collaboration	Networking
The bottom-up approach strengthens this as the CEO and managers are more or less servicing their employees which creates a working environment in which employees feel safe and are more likely to give their opinion on how to improve things	To allow for discretion and assertiveness	Organization & Structuration	Establishing
This would probably not be the case whenever we maintained a top down approach where employees are strictly controlled and commanded without providing them the opportunity to speak up.	To allow for discretion and assertiveness	Organization & Structuration	Establishing
In addition, members from the BoP who are included in the value stream are educated in a broader sense. More specifically, they are included in all activities of making an end product while they would previously, before the introduction of VSM, only learn about the tasks performed of one particular traditional department	To involve marginalized people into business	Interaction	Networking
I used to be a designer for business X when the PSI project started.	To create internal growth opportunities for employees	Expansion	Establishing
After that, I also did planning tasks for business X because I became bored and I wanted more diversity but when the satellite toolrooms started in 2015 I got the chance to become toolroom manager of *.	To create internal growth opportunities for employees	Expansion	Establishing

After that, I also did planning tasks for business X because I became bored and I wanted more diversity but when the satellite toolrooms started in 2015 I got the chance to become toolroom manager of *.	Acquisitive growth	Expansion	Establishing
In fact, there have come four different toolrooms at each factory which increases their effectivity and efficiency as these toolrooms have become specialized in repairing the particular moulds the factories are using.	To improve interdepartmental connectedness	Behavior and cognition	Re-evaluating
And creating a toolroom for every factory has enabled employees to specialize which results into better and quicker repairs	Acquisitive growth	Expansion	Establishing
But to get to back to my story, * was my manager in that company and I applied for a job as a designer of there. I was very motivated but I did not have any experience or skill in designing. So I said to him at the application conversation: give me two weeks and I will be as functional and running like anybody else in this department.	To create internal growth opportunities for employees	Expansion	Establishing
But to get to back to my story, * was my manager in that company and I applied for a job as a designer of there. I was very motivated but I did not have any experience or skill in designing. So I said to him at the application conversation: give me two weeks and I will be as functional and running like anybody else in this department.	To check current skillset of current and potential employees	Interaction	Networking
So you can say that I have somewhat a passion and drive for product designing which allows me to learn new skills relatively quickly.	Human resources with desired mentality and values	Acquisition	Networking
At least, a lot less problems have occurred as we expected which shows how valuable the partnership with business Z is. To be more specific, our growth does not really depend on customer	To create internal growth opportunities for employees	Expansion	Establishing

acquisition but more on relieving production constrains in order to be able to enlarge it.			
At least, a lot less problems have occurred as we expected which shows how valuable the partnership with business Z is. To be more specific, our growth does not really depend on customer acquisition but more on relieving production constrains in order to be able to enlarge it.	To prevent and mitigate defaults	Regulation	Re-evaluating
If we look to the growth at *, the most was in 2017 because we expanded a lot with machines, moulds, buildings but also with staff. However, this became a problem again since a physical constraint that was holding us back in 2018 was too few staff and machines.	To expand product offerings to solve complexity	Augmentation	Establishing
I have to say that although we mainly learned from them, they also had benefit from this collaboration because sometimes we could tell them how some operational things could be arranged more efficiently from what we noticed.	To uncover potential improvements for business	Interaction	Networking
We already knew that business Z was a partner with beliefs that corresponds to ours because Gavin did a lot of business with them before	Consider barriers for partners and employees	Collaboration	Networking
so we took the chance to go to The Netherlands to learn about necessary skills for the mould making industry.	To expand knowledge	Acquisition	Networking
You can imagine that medicines and medicinal waste have to be treated safely. This is one of the reasons why we are only using virgin material for the production of our packaging. This is because the image of recycled material is relatively new and therefore more uncertain. For that reason, we are ensuring safe packaging through producing with virgin raw	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing

<b>materials.</b>			
<b>We try to make these tubes in such a way so that they are reusable. In fact, you can write over it whenever you have removed the label of it. We do this because local people can store other products in it. This can be very useful for them so that they can store their food enclosed which makes it possible to store it longer as it does not spoil so fast.</b>	To expand product offerings to solve complexity of poverty	Augmentation	Establishing
<b>We try to make these tubes in such a way so that they are reusable. In fact, you can write over it whenever you have removed the label of it. We do this because local people can store other products in it. This can be very useful for them so that they can store their food enclosed which makes it possible to store it longer as it does not spoil so fast.</b>	To adopt more environmental friendly solutions	Augmentation	Establishing
<b>However, all of the scrap which is produced at * is recycled within the * for hundred percent. We do not throw away any of it because it has value and it even helps our other business units to reduce their cost prices as they can use this recycled material for a reduced price.</b>	To adopt more environmental friendly solutions	Augmentation	Establishing
<b>We can use this grant to educate people who are willing to work here but who are not yet skilled enough to do so</b>	To educate employees	Interaction	Networking
<b>We can use this grant to educate people who are willing to work here but who are not yet skilled enough to do so</b>	By supporting and including marginalized groups	Socioeconomic sustainable aspiration	Establishing
<b>As a manager of them I find it very important to support them and not to dictate them.</b>	By supporting and including marginalized groups	Socioeconomic sustainable aspiration	Establishing

<p><b>With professionalism I mean that I should not communicate with them in order to please them but in a way that business benefits the most. This is not always the most loved way but at the end of the day they realize that it was the correct way of handling things. And this also creates some kind of mutual respect.</b></p>	<p>Through building trustworthiness and internal agreements</p>	<p>Co-operation</p>	<p>Re-evaluating</p>
<p><b>Respect is very important between me and my employees, but it is also important that employees amongst each other show some respect. When I started to work here this was really a problem, especially when it concerned the factory of * and the toolroom of it. These were really two teams against each other while they in fact should have been collaborating. They were actually blaming each other constantly. This was something I noticed at first when I began to work at this toolroom and I really wanted to solve this as these conflicts impeded the processes of both places.</b></p>	<p>To involve marginalized people into business</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>Humility and drive are the two key factors for success in every business. It does not matter what you do or who you are, if you keep these two things in mind then I think everybody can succeed.</b></p>	<p>Human resources with desired mentality and values</p>	<p>Acquisition</p>	<p>Networking</p>
<p><b>* started in 1998 with the sale of plastic fridge parts. In the first three years we have had organic growth which was mostly first mover advantage as a lot of packaging was first from other materials and we were introducing a substitute, for example for margarine. To be more specific, thin wall packaging has brought more options for customers as in the beginning it was only thick wall packaging for example for paint.</b></p>	<p>To be informed about competition</p>	<p>Interaction</p>	<p>Networking</p>

<p><b>This resulted in a knock off effect of competitors in packaging industry as we could make packaging three times as thin at a faster pace.</b></p>	<p>To be informed about competition</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>But if we think about acquisitive growth, then I would say that we experienced this the most in 2008/2009 because with these new acquisition we got new product designs that have gained us competitive advantage.</b></p>	<p>To gain competitive advantage</p>	<p>Acquisition</p>	<p>Networking</p>
<p><b>In addition, the more subsidiaries there are in a company group, the more interorganizational help you can expect. These internal group subsidiaries also bring competitive advantage as they strongly reinforce each other and in the end you have more efficiency as every subsidiary has its own specialty.</b></p>	<p>To correspond business structure and operations with customer's needs</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>
<p><b>But I have not bought them with emotion or to gain status, I have waited until they were cheap and then I got it. You can compare this with buying a boat. A lot of people want the most expensive boat because this gives them some feeling of status. Or they want to buy it whenever they need it, but at these times it is most expensive to buy it. They could have better waited until it was cheap. In other words, you could also say that you have to do the opposite of what everybody is doing.</b></p>	<p>To correspond business structure and operations with customer's needs</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>
<p><b>As this growth did not only bring us good things, but also a lot of complexity we had to change our management according to it. In other words, later on we had a different management style which fitted the situation better.</b></p>	<p>To allow for discretion and assertiveness</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>
<p><b>In the beginning we had less management layers and we were agile, very direct and function. However, communication lacked in this situation as we actually too large already micro manage everything.</b></p>	<p>To allow for discretion and assertiveness</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>

In the beginning we had less management layers and we were agile, very direct and function. However, communication lacked in this situation as we actually too large already micro manage everything.	To improve interdepartmental connectedness	Behavior and cognition	Re-evaluating
There is also a lot of more autonomy and discretion which basically means that people have more freedom to act. We have structured our organization through decentralization because I needed a feeling of control and that is hard whenever you have so many acquisitions.	To allow for discretion and assertiveness	Organization & Structuration	Establishing
In addition, we made our business functions cross functional, so more horizontal, through the adoption of value stream management.	To correspond business structure and operations with customer's needs	Organization & Structuration	Establishing
However, it is important to not structure too much. Namely, you do not know what the future brings you and so you do not know where you are going to.	To correspond business structure and operations with customer's needs	Organization & Structuration	Establishing
In 2006 we streamlined the business when everything was going well, so that we had a shield in case something was going on. And this was a good move, because in 2008 we really needed this. And at that moment it also became apparent who were not performing well or who were unessential. As the saying goes: when tide goes out, the naked go out.	Human resources with desired mentality and values	Acquisition	Networking
And this might sound odd, but education is one of the last things I am looking at. It is indeed important, but I find personal matters more important than qualifications before I hire people. So, firstly I look at the values and integrity of the person. Of course I cannot know everything about it as I have just met the person, but with my experience I have kind of developed a skill for this.	Human resources with desired mentality and values	Acquisition	Networking

Next to that, I find attitude, EQ and a positive mindset very important. I define people smart whenever they have these characteristics, I do not necessarily find them smart if they are intelligent.	Human resources with desired mentality and values	Acquisition	Networking
At last, I find humility important. Everybody is just a person and you cannot always be right. When people notice you think in this way, then it creates closer relationships and builds trust. So, vulnerability is one of the best ways to create mutual trust.	Human resources with desired mentality and values	Acquisition	Networking
At last, I find humility important. Everybody is just a person and you cannot always be right. When people notice you think in this way, then it creates closer relationships and builds trust. So, vulnerability is one of the best ways to create mutual trust.	To enhance cultural cohesion	Interaction	Networking
In addition, we also support people with disabilities through investing in greenable, a non-profit. They are also called greenoffice and they have made the laptop stand I just gave you. I find this very important because this way they are education in the field of recycling and they even managed to create a patented product out of it.	By supporting and including marginalized groups	Socioeconomic sustainable aspiration	Establishing
In addition, we also support people with disabilities through investing in greenable, a non-profit. They are also called greenoffice and they have made the laptop stand I just gave you. I find this very important because this way they are education in the field of recycling and they even managed to create a patented product out of it.	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
But also if you link it to the theory of Maslow, then they need it. You know the pyramid of Maslow, one of these layers is education or self-actualization. But for that to happen, they have to have enough	To educate employees	Interaction	Networking



self-esteem which we can offer them to increase employability for them.			
If we think about the external factors, then strikes is a large one. Most employees of us still want to go to work during a strike, but they simply cannot since the infrastructure over here will not allow it here.	Through building trustworthiness and internal agreements	Co-operation	Re-evaluating
An internal factor which can be hard is the structuring of management structures. Now we are so big we should not go too fast. You will get distracted and become too diverse. This is a situation we have had in the past. You have to stay focused and simplicity is always better than complexity.	To expand product offerings to solve complexity of poverty	Augmentation	Establishing
An internal factor which can be hard is the structuring of management structures. Now we are so big we should not go too fast. You will get distracted and become too diverse. This is a situation we have had in the past. You have to stay focused and simplicity is always better than complexity.	To correspond business structure and operations with customer's needs	Organization & Structuration	Establishing
This is a point where many of our competitors struggle with from what I know.	To be informed about competition	Interaction	Networking
These problems can cause some difficult times for us and our business and for that reason it is important that I motivate my employees especially in these times.	To enhance cultural cohesion	Interaction	Networking
Therefore, I watch a lot of motivational speaker videos that inspire me, but I can also use these to inspire my employees. But I also train my employees so that they are more capable to withstand in these times. For that reason, I will train them and treat them like they do not leave.	To enhance cultural cohesion	Interaction	Networking

<p>I mean that I am not give less opportunities and training to people of who I think they will leave soon. Because if I do this, the chance becomes even larger that they will leave and that is kind of dramatic in this country because good employees are hard to get.</p>	<p>To educate employees</p>	<p>Interaction</p>	<p>Networking</p>
<p>If somebody is totally not motivated, then I am of course not investing into it. One of the examples of training my employees is that I have sent them to business Z in The Netherlands. You can imagine that the expenses of this can be quite high and if somebody is not motivated then this would be a kind of a waste of resources.</p>	<p>To educate employees</p>	<p>Interaction</p>	<p>Networking</p>
<p>More specifically, for customers we have already reached a point in which every customer does not consists of more than eight to ten percent of our total customer base.</p>	<p>Through offering quality</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>Sasol, consisted of ninety percent of our total suppliers. Now that I think back to it, this is quite insane. We have already managed to bring this back to thirty percent, but we would like to decrease this even more. But that would mean that we have to import from other countries, as plastic pillets producers, which we use to produce our packaging, are not that common here. It is a quite complex process and we have to be careful with this as it is our biggest expense right now, but our whole business also depends on this.</p>	<p>Through focusing on costs</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>* and business Z are also important. If we need more knowledge or employees at a particular time, then we can contact them and they may send us additional workforces.</p>	<p>To expand production capabilities</p>	<p>Collaboration</p>	<p>Networking</p>

<p><b>* and business Z are also important. If we need more knowledge or employees at a particular time, then we can contact them and they may send us additional workforces.</b></p>	<p>To access new knowledge sources</p>	<p>Collaboration</p>	<p>Networking</p>
<p><b>* and business Z are also important. If we need more knowledge or employees at a particular time, then we can contact them and they may send us additional workforces.</b></p>	<p>To expand knowledge</p>	<p>Acquisition</p>	<p>Networking</p>
<p><b>Also, the more distance the more likely a culture is different so that is also something I need to take into account.</b></p>	<p>To enhance cultural cohesion</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>I think a lot of our growth has to do with the three extra machines we could buy as a result of the PSI project in 2011. This allowed us to run our processes way faster than before and also in a more precise way. I can strengthen this by indicating that our turnover has stayed the same from then, but our profit and amount of reworks that needed to happen greatly improved.</b></p>	<p>To expand production capabilities</p>	<p>Collaboration</p>	<p>Networking</p>
<p><b>In addition, the toolroom has been growing a lot too due to the separation of the toolroom into two different departments. One of the departments is doing repairs and that one belongs to the factory of *. This way every factory within * has its own repairing toolroom which makes things more clear in terms of structure.</b></p>	<p>To expand product offerings to solve complexity of poverty</p>	<p>Augmentation</p>	<p>Establishing</p>
<p><b>The sale of the machines to the other business unit has provided us some capital to grow more and specialize into refurbishing moulds and the creation of new moulds. So after the separation, these are the new main activities of Business X.</b></p>	<p>To expand product offerings to solve complexity of poverty</p>	<p>Augmentation</p>	<p>Establishing</p>

<p><b>But it is necessary for our toolroom and also for the other business units because it is very hard to get employees. This is also why we are offering semi-skilled people chances to work and develop here because they are likely to stay here if they have had a good time.</b></p>	<p>To educate employees</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>But it is necessary for our toolroom and also for the other business units because it is very hard to get employees. This is also why we are offering semi-skilled people chances to work and develop here because they are likely to stay here if they have had a good time.</b></p>	<p>Through societal and environmental friendly measures</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p><b>But it is necessary for our toolroom and also for the other business units because it is very hard to get employees. This is also why we are offering semi-skilled people chances to work and develop here because they are likely to stay here if they have had a good time.</b></p>	<p>By supporting and including marginalized groups</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p><b>We are involving semi-skilled employees through the whole organization so that they can learn about more aspects of businesses than only the business unit they are working for. I have noticed that whenever they have a full picture of what every business unit is doing, then they are also more likely to come with potential improvements in Business X.</b></p>	<p>To improve interdepartmental connectedness</p>	<p>Behavior and cognition</p>	<p>Re-evaluating</p>
<p><b>We are involving semi-skilled employees through the whole organization so that they can learn about more aspects of businesses than only the business unit they are working for. I have noticed that whenever they have a full picture of what every business unit is doing, then they are also more likely to come with potential improvements in Business X.</b></p>	<p>To uncover potential improvements</p>	<p>Interaction</p>	<p>Networking</p>

<p>We are involving semi-skilled employees through the whole organization so that they can learn about more aspects of businesses than only the business unit they are working for. I have noticed that whenever they have a full picture of what every business unit is doing, then they are also more likely to come with potential improvements in Business X</p>	<p>To involve marginalized people into business</p>	<p>Interaction</p>	<p>Networking</p>
<p>Only if people are honest and open about the mistakes they have made, we have possibilities to improve our business because reporting mistakes creates an understanding of how mistakes are made and can possibly be prevented in the future</p>	<p>To prevent and mitigate defaults</p>	<p>Regulation</p>	<p>Re-evaluating</p>
<p>This is also important in times when people come to me and want to resign. In nine of the ten times this is not because they think they earn too little, but in most instances this is because something has happened recently in the factory. Therefore, I want them to be honest with me about it so that we can solve it.</p>	<p>To enhance cultural cohesion</p>	<p>Interaction</p>	<p>Networking</p>
<p>I also arrange off site team building activities, mostly barbecues, to create a better atmosphere amongst employees. This is especially important now as we have more competition since the satellite toolrooms initiated in 2015. In fact, these toolrooms are coming to us with questions and sometimes even place orders at us because we are the only here who is capable of repairing particular moulds.</p>	<p>To enhance cultural cohesion</p>	<p>Interaction</p>	<p>Networking</p>
<p>This can only happen when we remain to be the best. Therefore, I find it very important to keep an eye on the development of my people.</p>	<p>To educate employees</p>	<p>Interaction</p>	<p>Networking</p>
<p>First, I would like to automate more. Every ten employees can be replaced with just one new technology. This improves</p>	<p>Through R&amp;D activities</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>

<p>efficiency but it also reduces employment. For the company that is a good thing because costs of the payroll are decreasing, but for it is not a very socially friendly solution although it has great potential to improve lead time and planning processes.</p>			
<p>Second, I think we can greatly improve the effectiveness by giving people responsibility to operate their own machine. This sense of ownership gives a people a feeling of responsibility which turns out to be a great motivator.</p>	<p>To allow for discretion and assertiveness</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>
<p>Let me tell you why this is important. People who are not self-motivated have to be micro managed very intensively. And this consumes so much of my time so I really find it important that they are intrinsically motivated.</p>	<p>Human resources with desired mentality and values</p>	<p>Acquisition</p>	<p>Networking</p>
<p>This does not mean that I do not also extrinsically motivate them. Namely, I do this by creating and offering development opportunities as this creates another incentive for them to perform well.</p>	<p>To create internal growth opportunities for employees</p>	<p>Expansion</p>	<p>Establishing</p>
<p>Fourth, I want at least one person who is capable of replacing someone else in case this particular person becomes sick. So there are not only development opportunities when there is room for them, but also for this kind of instances. I want this because the processes in my factory can keep running. You can imagine that a lot of our machines require technological skills which are specific for a particular machine. And therefore it is not general knowledge every engineer has.</p>	<p>To educate employees</p>	<p>Interaction</p>	<p>Networking</p>
<p>However, I need at least two people who are capable of running that machine at every time. It is too late if somebody becomes sick and then out of the sudden I have to instruct an employee to how to with a machine. The delay has</p>	<p>To ensure smooth operation</p>	<p>Co-operation</p>	<p>Re-evaluating</p>

<p>already happened and the person that has to operate the machine is way more likely to make mistakes which delays our production process even more.</p>			
<p>We owe our success mainly to our preferred relationships with our suppliers. In total, we have hundred and fifty suppliers but there are three with whom we have a preferred contract. This implies that we have a preferential price treatment of course, but they also offer us additional services like a compensation for time loss whenever they have delivered us too late.</p>	<p>To improve customer and supplier relationship</p>	<p>Interaction</p>	<p>Networking</p>
<p>Our success is also contributed to our feeling for quality. Quality is very important in a mould making process as mistakes are really expensive.</p>	<p>Through offering quality</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>We also import a special type of copper which is mixed into our moulds in order to give it specific properties which gives the production factory benefits. More specifically, the moulds cool down faster and they also heat up faster which results into quicker cycle times. But no one wants to hold stock of copper as it is too expensive so that is why we have to import it.</p>	<p>To gain competitive advantage</p>	<p>Acquisition</p>	<p>Networking</p>
<p>The nine different types are all used to influence the flow rate which in turn determines the thickness of the product. This way we can better fulfil the needs of our customers because different products ask for packaging with different thicknesses. For example, our customers mostly sell oil, edible oil or industrial oil, or paint. You can assume that these products need different type of packaging</p>	<p>Through offering quality</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>

<p>This is because we are recycling all of our scrap and other internal waste to create packaging products in our companies. In addition, we are buying external waste from local people who bring it here. You can imagine that it is sometimes hard to decide whether it is stolen or not as we do not know where they got it from.</p>	<p>Through societal and environmental friendly measures</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>When we speak about the first one, then I can tell you that in 2011 we acquired a fast mover consumer goods company. At this time we grew from three factories to nine factories. That is quite a lot in a short time span.</p>	<p>Acquisitive growth</p>	<p>Expansion</p>	<p>Establishing</p>
<p>Between 2011 and 2015 we mostly grew through product/market diversification which had a great impact on our company. As you can see on my shelves, we have a lot of different products for just a few markets.</p>	<p>To expand product offerings to solve complexity of poverty</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>But this was not always the case, we used to serve more markets but things became rather complex because of that. Our factories had to be arranged in such a way that it could quickly adapt from one production to the other.</p>	<p>To expand product offerings to solve complexity of poverty</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>So, I can certainly say that much of our growth is gained through product differentiation as this delivers more value to our customers.</p>	<p>To expand product offerings to solve complexity of poverty</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>However, it also brings more complexity to my side of the business as different products also need different raw materials as each type of raw material have their own particular properties which in turn can be optimal for the product to be created. As a result, procurement process can be rather complex.</p>	<p>To expand product offerings to solve complexity of poverty</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>So, you can also imagine that we need to negotiate a lot with the sales and production department about the required properties of</p>	<p>To improve interdepartmental connectedness</p>	<p>Behavior and cognition</p>	<p>Re-evaluating</p>



<p>the material so that the buckets can be made in the most efficient way.</p>	
<p>You can imagine that the production of a mould is very costly and designs are also valuable as a lot of time is put in the making of it, but also particular designs can be used to create moulds that have properties which enable us to produce more or better packaging in a shorter time.</p>	<p>Through R&amp;D activities      Socioeconomic sustainable aspiration      Establishing</p>
<p>To know where we need to procure our materials to produce, I am not only waiting for the best time or following the trends that are happening at the moment. I always attempt to expect the trends before they actually happen, otherwise you are too late and you have lost your competitive advantage already. In other words, your competitors are already three points before you still have to start.</p>	<p>To gain competitive advantage      Acquisition      Networking</p>
<p>Therefore, I use triangulation to expect these trends. I try to combine several methods and data sources to expect what the price will be of our products. One of these data sources is for example the global oil price which has a major impact on when we are procuring our virgin materials.</p>	<p>To gain competitive advantage      Acquisition      Networking</p>
<p>If you buy locally you can procure more on a ad hoc basis because it is delivered relatively quickly. But if you buy for example of Germany, then you have to do this a couple of weeks in advance.</p>	<p>To gain competitive advantage      Acquisition      Networking</p>
<p>To be more specific, if our inventories are depleted then we simply have not enough means to produce and that means that our customers get their products too late. If this happens too many times, then they will choose for one of our competitors.</p>	<p>To improve customer and supplier relationship      Interaction      Networking</p>

So, trustful suppliers are key to our business, but we also have other suppliers that are very important for us. Think about specific parts needed for moulds we are producing, like: hot runner systems, refined steel and a special type of copper which allows for a quicker cooling of the moulds.	To gain competitive advantage	Acquisition	Networking
There are only a few companies who can deliver these so I can say we are kind of depending on them, but since they are scarce, they can only do business with a limited amount of businesses. This gives us a competitive advantage as we are included in their narrow customer base.	To gain competitive advantage	Acquisition	Networking
More specifically, there are a lot cultures in South Africa and then you also have our own corporate culture. So it is very difficult to manage this as every culture should be treated differently and it is also hard to determine what the best culture is. So instead of striving for one optimal corporate culture, we tend to focus more on behavior.	To enhance cultural cohesion	Interaction	Networking
If everybody has the right behavior, a desired business culture will arise automatically. In order to achieve this, we have several mentors here in * of which I am one. This does not mean that I am only mentoring my own team, but whoever desires to learn I am willing to mentor. Sometimes this happens across departments, but also across business units.	To educate employees	Interaction	Networking
But if we are going to talk about organic growth, then I can tell you that we in 2005 sold an acquisition because this one was too risky to maintain. This business unit was for the creation of packaging in the food industry. Whenever you want to do this you have to be very specialized because there are	Acquisitive growth	Expansion	Establishing

a lot of laws involved.			
We noticed that we were being too diverse in all products we were making, so at the end the management decided to exclude this business unit from the holding.	To expand product offerings to solve complexity of poverty	Augmentation	Establishing
In 2006 we acquainted ICP which stands for Industrial Consumer Products and 2009 was one our best years because we introduced lean management and bought three additional businesses: *, * and the factory in Johannesburg.	Acquisitive growth	Expansion	Establishing
I can tell you that at the time we had a shortage of employees and competitors of us also wanted to buy the property.	Acquisitive growth	Expansion	Establishing
The latter is really needed for customer acquisition because this is a long process.	Acquisitive growth	Expansion	Establishing
What I also found important is technology. For example, thin wall packaging has really given us competitive advantage as we were a first mover with this. But to introduce such a radical innovation in this region you have to be involved in the market. And when this is done, you have to constantly reinvent in order to stay ahead of the competition	Through R&D activities	Socioeconomic sustainable aspiration	Establishing
The culture of a company has to stimulate this. For example, a new technology over here required an investment of two million Rand but we approved this. So, the corporate culture has to allow for investments into R&D in order to keep ahead of competition.	Through R&D activities	Socioeconomic sustainable aspiration	Establishing
We also want people to have the right mentality which is that they should not be doing things because they have always been doing it this way. Every day you have to try to be better than you	Human resources with desired mentality and values	Acquisition	Networking

were yesterday. If these things are alright, then growth will come.			
In addition, supplier relationships are very important because it is not easy to find one with a likewise culture.	To improve customer and supplier relationship	Interaction	Networking
So this is one of the aspects that makes a supplier important to us. But since we are depending a lot on the plastic pillets we have to constantly rethink if there are better alternatives to buy them. For example, the benefit of buying them overseas is that you can have economies of scale. But if you need lower quantities, then you can better buy in the country itself. The benefit of this is that you get it faster, but the price is non-negotiable.	To gain competitive advantage	Acquisition	Networking
But this does not always have a good effect on our relationships with them as we were used of doing business with a totally different corporate culture.	To enhance cultural cohesion	Interaction	Networking
Therefore, we want to have between one or two weeks of stock at our own factories right now. Maybe we even have to increase this somehow to prevent depletion.	To improve customer and supplier relationship	Interaction	Networking
But if you look to other plastic industries then yes. Many plastic companies are publicly owned. We believe that we are more effective and therefore have more advantage than our competitors. This is because public companies always a conflict between dividend and reinvesting in the business. * is privately owned, so the speed of doing business is way faster.	To allow discretion and assertiveness	Organization & Structuration	Establishing
The success of my career really depends on the people I have hired. In fact, I always try to hire people who are better than me. In addition, I want to stimulate	Improving working environments	Socioeconomic sustainable aspiration	Establishing

<p>collaboration through freedom of speech in an informal setting. Also, I believe we have a lower employee turnover and we are more sustainable because people work here because they want to.</p>	
<p>The intimidation amongst employees here is also low, but in other companies this can be very high. This used to be the case in our company too. For example, in times of strikes some people still wanted to go to work, but then the effect of the strike would be less so colleagues intimidated the people who were still planning to go to work. As a result of these threats, they decided to not go as well. This is really bad because this affects progress and development of the local people.</p>	<p>Through building trustworthiness and internal agreements      Co-operation      Re-evaluating</p>
<p>We are trying to be better than our competitors by striving for quality. Quality means for Pailapac consistency, right application at an accepted standard of the customer.</p>	<p>Through offering quality      Socioeconomic sustainable aspiration      Establishing</p>
<p>With consistency I mean that we deliver products that have the same consistent performance, but also have the same physical properties like weight and so on. Consistency is actually a value which is central in our organization. We have noticed that this has created a reputation which takes care of customers coming back.</p>	<p>Through offering quality      Socioeconomic sustainable aspiration      Establishing</p>
<p>With consistency I mean that we deliver products that have the same consistent performance, but also have the same physical properties like weight and so on. Consistency is actually a value which is central in our organization. We have noticed that this has created a reputation which takes care of customers coming back.</p>	<p>To improve customer and supplier relationship      Interaction      Networking</p>

<b>They can go to competitors, but they will know they will never get the same product. In fact, the product has almost everything what they desire and they have to put a lot of effort into it to get the same product at a competitors place. Or, this is not even possible due to the fact that they are not capable of making it.</b>	Through offering quality	Socioeconomic sustainable aspiration	Establishing
<b>This creates a sort of oasis in the desert, they love us for the product but they hate us for the price of it.</b>	Through offering quality	Socioeconomic sustainable aspiration	Establishing
<b>In the field of CSR we are doing several things. We are paying wage for Greenable. Greenable is an initiative that has created a platform for 1-2 years now to learn specific skills, read and write. In the future the idea is to start a company who hires these people permanently.</b>	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
<b>In addition, we are making products like plastic pallets with our own waste but also with waste of others.</b>	To adopt more environmental friendly solutions	Augmentation	Establishing
<b>Also, oil for hydraulic pressure is made from degradable oil which is more environmental friendly.</b>	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
<b>At last, we have solar panels but these give us only enough energy to charge our batteries which are in use to keep our computers running during load shedding. This way we do not risk to lose any progress made during the day.</b>	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
<b>The year in which we experienced the most growth is I believe in 2010. This is not because we were expanding the amount of products we were selling, or expanding the factory or whatever. It was because we focused on the making of way less products.</b>	To expand product offerings to solve complexity of poverty	Augmentation	Establishing

<p>This might be something which is against your feelings, because many people relate less production to less customer orders and therefore a less healthy business. But because we were serving too many markets and therefore made too much products our business processes became too complex to manage.</p>	<p>To expand product offerings to solve complexity of poverty</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>This had a really negative effect on the efficiency of the processes but also on customer's satisfaction because they got their orders more often too late than on time. While we were decreasing the amount of products we were offering, we also introduced OTIF which means on time in full.</p>	<p>Through offering quality</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>The percentage of OTIF deliveries has increased with thirty percent after we chose to focus on the production of less products.</p>	<p>To improve customer and supplier relationship</p>	<p>Interaction</p>	<p>Networking</p>
<p>The percentage of OTIF deliveries has increased with thirty percent after we chose to focus on the production of less products.</p>	<p>To expand product offerings to solve complexity of poverty</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>This is because it enabled us to reorganize our production processes in a way that machines in a particular setting could be used for multiple processes at a time. Because you can imagine that setting a machine for a different product is costly as reaching the right settings is really a trial and error process. This results into some scrap for every time it is being reset. Right now, the machines have to be reset way less which is beneficial as the amount of scrap produced is greatly reduced.</p>	<p>To expand product offerings to solve complexity of poverty</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>When I started to work here, my function was a setter of a machine. I was sitting next to a machine to produce plastic buckets and after that I had to stack them up. This is one of the jobs in the lowest layer of</p>	<p>To create internal growth opportunities for employees</p>	<p>Expansion</p>	<p>Establishing</p>

<p>hierarchy in the business. Right now, I am a value stream manager so I can say I have made quite some promotions in my career here.</p>	
<p>This was a not always easy as there was a lot of intentional manipulation when I was working on the operational floor. They could do this because every machine was almost used by anybody at that time, but everybody knew which one was going to be used by who at a particular time.</p>	<p>Through building trustworthiness and internal agreements      Co-operation      Re-evaluating</p>
<p>So this enabled people to intentionally manipulate the setting of a machine so that a person first had to reset the whole machine before it could be used again. As a result, co-workers could bring down the performance of a particular co-worker if they wanted to. And this has happened to me too, because they did not want me to perform well as this would blackwash their performance.</p>	<p>Through building trustworthiness and internal agreements      Co-operation      Re-evaluating</p>
<p>In other words, you could say that there was a kind of toxic environment in the past over here. When I became value stream manager, this was one of the first things I wanted to change. Therefore, our beliefs are to contribute to optimal quality and efficiency while improving collaboration and building trust. Building trust is very important because this makes it easier to give feedback.</p>	<p>Through building trustworthiness and internal agreements      Co-operation      Re-evaluating</p>
<p>In other words, you could say that there was a kind of toxic environment in the past over here. When I became value stream manager, this was one of the first things I wanted to change. Therefore, our beliefs are to contribute to optimal quality and efficiency while improving collaboration and building trust.</p>	<p>To improve working environment      Socioeconomic sustainable aspiration      Establishing</p>



<p>Building trust is very important because this makes it easier to give feedback.</p>	
<p>And our managers are also leaders which almost all employees respect. Therefore, most employees do not want to disappoint the trust their leader has in them because they are very grateful they got it in the first place. Furthermore, we are focusing more on upscaling the people in our business instead of commanding them.</p>	<p>By supporting and including marginalized groups Socioeconomic sustainable aspiration Establishing</p>
<p>Automation gives us great responsibility for this because new jobs are created for which new skills are needed. People in the factory can grow into these new jobs, but it is on the management to create proper functions for these jobs so it is still controllable.</p>	<p>To create internal growth opportunities for employees Expansion Establishing</p>
<p>In addition, our internal waste is fully recycled at *. * is a business that manages to recycle all scrap and waste that is produced by businesses of *.</p>	<p>To adopt more environment friendly solutions Augmentation Establishing</p>
<p>The introduction of value stream management has played a very important role in achieving more growth but also in improving the company's culture here. Instead of having traditional departments like sales, production, labeling and so on, we have three so called value stream: printing value stream, IML value stream and lids and handle value stream.</p>	<p>To correspond business structure and operations with customer's needs Organization &amp; Structuration Establishing</p>
<p>The major advantage of this is that people are willing to perform more diverse tasks. Before, people were refusing to do particular tasks because it did not belong to their task profile. However, this was sometimes very unjust because it did belong to their task profile, but they simply did not feel like to do it so they just simply said that it was not on them to do this.</p>	<p>To stimulate employee's participation in (improvement) processes Regulation Re-evaluating</p>

<p><b>Now, everybody in a value stream is responsible for the end product so there is more clarity about who is responsible for what. And if somebody is intentionally not performing well, then it also becomes more obvious who it was. But I have to say that this is almost never the case anymore because this feeling of responsibility is a great motivator to perform well.</b></p>	<p>To stimulate employee's participation in (improvement) processes</p>	<p>Regulation</p>	<p>Re-evaluating</p>
<p><b>This is also why we are assigning machines to particular employees. An employee thinks 'wow' this machine can cost more than a million Rand and I am the only one who is responsible for it. They are really feeling blessed that they have got the opportunity to be responsible for 'their own machine'.</b></p>	<p>To stimulate employee's participation in (improvement) processes</p>	<p>Regulation</p>	<p>Re-evaluating</p>
<p><b>Another reason why people in a value stream really want to perform well is because they are very competitive towards each other but in a healthy way. This has become stronger after the introduction of value stream management because this enabled the creation of similar operational targets which are more easy to compare. As a result, the performance of all value streams are better comparable too.</b></p>	<p>Through improve working environment</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p><b>We had doubts because the introduction of value streams led to conflicts because other new employees were taking over tasks of people which felt responsible for that particular task. The new employee introduced new and maybe better ways of doing these tasks which frustrated the person who did this task before as he is working there for longer.</b></p>	<p>To correspond business structure and operations with customer's needs</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>
<p><b>In the future we would like to go to even less value streams: oil (industrial and edible), and paint. We want to do this because this is more customer specific. This aligns</b></p>	<p>To correspond business structure and operations with customer's needs</p>	<p>Organization &amp; Structuration</p>	<p>Establishing</p>

the value stream more with the customers. In addition, this way we can manage to have a particular value stream which is responsible for a whole product from the start to the finish. So with the old way the making of a product could involve multiple value streams, think about a lid with a print on it.

## Appendix E – Coding scheme for business Y

	Adding value through novelty
	Adding value through lock-in
	Adding value through complementarities
	Adding value through efficiency

Fragment	Open coding	Axial coding	Category
<b>I contribute this success to development. Always do more than just your job. Do not only make claims, but improve each process. In other words, you must feel like it is your own business instead of only a business in which you work.</b>	To shape desired mentality	Behavior and cognition	Re-evaluating
<b>To mitigate this problem we tend to focus on quality as it creates competitive advantage. So we do not compete pricewise.</b>	To shape desired values	Behavior and cognition	Re-evaluating
<b>To mitigate this problem we tend to focus on quality as it creates competitive advantage. So we do not compete pricewise.</b>	Through offering quality	Socioeconomic sustainable aspiration	Establishing
<b>Quality in our terms means trustworthy products and offering sustainable partnerships with other businesses.</b>	To prevent and mitigate defaults	Regulation	Re-evaluating
<b>My philosophy is that if you want to do something good, you have to do it yourself. This is because some things cannot be explained from a distance. That is why we try to make and repair our own moulds more and more.</b>	To increase independency	Augmentation	Establishing
<b>However, sometimes they have to be sent to Harskamp, to business Z, as some problems cannot be explained via Skype for example. This is the case whenever we do not have enough knowledge in house to do it ourselves.</b>	To expand knowledge	Acquisition	Networking

<p>Another instance of where we still need Europe is when we need raw material. Europe has the knowledge to process steel in such a refined way that it can be used for mould making. This is really necessary as we need this type of steel to create moulds that can produce the right quality of plastic packaging.</p>	<p>That allow for competitive advantage</p>	<p>Acquisition</p>	<p>Networking</p>
<p>We need to import these which give us an incentive to look at how to recycle existing packaging into new packaging products. In this way we are less dependent from suppliers from other countries.</p>	<p>To increase independency</p>	<p>Augmentation</p>	<p>Networking</p>
<p>We need to import these which give us an incentive to look at how to recycle existing packaging into new packaging products. In this way we are less dependent from suppliers from other countries.</p>	<p>Through societal and environmental friendly measures</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>We need to import these which give us an incentive to look at how to recycle existing packaging into new packaging products. In this way we are less dependent from suppliers from other countries.</p>	<p>To run regular business processes</p>	<p>Acquisition</p>	<p>Networking</p>
<p>In more detail, turnover will drop but the quantity stays the same. In other words, the price of our products drops as a result of this. Thus, crises potentially impact both sides. It gives us an incentive for localization of things. It is a kind of back up option. For example, we can buy in advance raw materials if there is enough space which is mostly the case in Russia.</p>	<p>To increase independency</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>I would say the right mindset is to not create too much scrap and consider the company's money also as your money. I always try to let my employees realize this.</p>	<p>To shape desired mentality</p>	<p>Behavior and cognition</p>	<p>Re-evaluating</p>

In addition, they have shared responsibilities and thus have reason to collaborate.	To create foundation for interdepartmental connectedness	Co-operation	Re-evaluating
We try to adopt this into our company culture. More specifically, we see the added value of collaboration amongst employees and thus we implement shared responsibilities in the business	To create foundation for interdepartmental connectedness	Co-operation	Re-evaluating
We try to adopt this into our company culture. More specifically, we see the added value of collaboration amongst employees and thus we implement shared responsibilities in the business	To improve interdepartmental connectedness	Behavior and cognition	Re-evaluating
so that they have to collaborate to reach their targets	To create foundation for interdepartmental connectedness	Regulation	Re-evaluating
We also try to give employees responsibility by providing them their own machine. We have noticed that this is a really important part of motivation. It gives them incentive to start in time, create good cycle times and produce less scrap as everything is registered in the machine and thus automatically measures how efficient the person has been.	To allow for discretion and assertiveness	Organization	Establishing
In addition, we have managed that every shampoo bottle that we create is made of 25 percent recycled material. It is the plan to increase this more and more.	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
In addition, we have managed that every shampoo bottle that we create is made of 25 percent recycled material. It is the plan to increase this more and more.	To adopt more environmental friendly solutions	Augmentation	Establishing

<b>We want to increase the awareness for recycling in our business. It is also necessary for us because more customers are switching to environment friendly solution, for example Unilever.</b>	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
<b>We want to increase the awareness for recycling in our business. It is also necessary for us because more customers are switching to environment friendly solution, for example Unilever.</b>	To adopt more environmental friendly solutions	Augmentation	Establishing
<b>As a result, we try to focus more on circular packaging and IML which are more environment friendly</b>	To adopt more environmental friendly solutions	Augmentation	Establishing
<b>As a result, we try to focus more on circular packaging and IML which are more environment friendly</b>	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
<b>Also a lot of people have the plastic ocean in mind and we have to mitigate this problem by reducing certain types of plastics. This has to be optimized so that it makes it easier to recycle.</b>	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
<b>Therefore I tend to chat a lot with my employees about possible improvement made in the production process.</b>	to uncover potential improvements for business	Interaction	Networking
<b>I can certainly say that I managed to organize this crazy process together with my employees and I think there is the difference.</b>	To stimulate employee's participation in (improvement) processes	Regulation	Re-evaluating
<b>I can certainly say that I managed to organize this crazy process together with my employees and I think there is the difference.</b>	to uncover potential improvements for business	Interaction	Networking

I did not want to do it all on my own, I wanted to include my employees into the improvement process. Before, a lot of people did not know what they the whole processes they were working for. They only knew the tiny bit they were working for and were responsible for.	to educate employees	Interaction	Networking
I started to make them realize why they had to do the things they do and that allowed them to do it in a better way. This also made them realize why they had to do specific tasks at the times I mentioned.	to educate employees	Interaction	Networking
Therefore, it is very important that they finish their tasks at the mentioned time otherwise all other employees are going to be delayed and the product will most likely not be delivered in time.	to ensure smooth operation	Co-operation	Re-evaluating
And since every person has its responsibility over its own machine, it is for me possible to keep track of how far everybody is in the process.	to monitor progress in production process	Regulation	Establishing
Everybody can enter this system, but an employee can only see what relates to their working activities.	to monitor progress in production process	Regulation	Re-evaluating
It is also visible whenever there are defaults in the machines. This allows me to quickly fix these errors and make the machine running again.	to mitigate defaults	Regulation	Re-evaluating
It is important to do this quickly as a lot of scrap is going to be produced whenever the machine is malfunctioning. It is also possible that the mould is going to be damaged, so for that it is even more important to be there on time.	to mitigate defaults	Regulation	Re-evaluating



I am trying to improve the culture at the operating floor of business Y to have several small talks with everybody. This happens mostly each day. It is however relevant to not deep dive as this takes too much time on a day.	To enhance cultural cohesion	Interaction	Networking
In addition, I want to adopt as little hierarchy as needed. It is not a good strategy to increase efficiency. I cannot know everything and therefore I have to stimulate my employees to say it whenever they notice points of improvement.	To allow for discretion and assertiveness	Organization	Establishing's
In addition, I want to adopt as little hierarchy as needed. It is not a good strategy to increase efficiency. I cannot know everything and therefore I have to stimulate my employees to say it whenever they notice points of improvement.	To stimulate employees' participation in (improvement) processes	Regulation	Re-evaluating
The management style I therefore use is one that allows discretion, politeness and calmness.	To allow for discretion and assertiveness	Organization	Establishing
Especially the last one is in Russia a serious problem of what I know from my experience. People have to remain calm otherwise they will make many more mistakes and that is definitely not beneficial for the business.	Improve working environments	Socioeconomic sustainable aspiration	Establishing's
You can imagine that moulds have to be made very accurate as we strive for consistency in the products we deliver.	Through offering quality	Socioeconomic sustainable aspiration	Establishing's
You can imagine that moulds have to be made very accurate as we strive for consistency in the products we deliver.	To shape desired values	Behavior and cognition	Re-evaluating

As a result, we are somewhat more expensive than our competitors over here but our quality is way better and for now that is all what counts. Because our customers know that if they buy something cheap it will come with many additional costs for them later on. That is not what they want so they buy at our place.	Through offering quality	Socioeconomic sustainable aspiration	Establishing
It is also the small things in the workplace that matter. For example, buy good coffee for employees instead of only powder coffee. If you save money on these little small things, that really demotivates your people.	Through comfortable working environments	Socioeconomic sustainable aspiration	Establishing
It is also the small things in the workplace that matter. For example, buy good coffee for employees instead of only powder coffee. If you save money on these little small things, that really demotivates your people.	To enhance cultural cohesion	Interaction	Networking
I am always discussing with the team leaders at the operating floor the important decisions to be integrated into the process.	to uncover potential improvements for business	Interaction	Networking
It is a sort of democracy style. However, sometimes the time is really crucial at that moment and that is when I have to decide whether it is good or not to have discussions.	To allow for discretion and assertiveness	Organization	Establishing
This differs for every instance, but whenever I decide there is not going to be a discussion, I create the possibility for the employees and team leaders to have a discussion with me afterwards.	To stimulate employees' participation in (improvement) processes	Regulation	Re-evaluating
I think the success of this company is in the fact that we have a lot of employees that have hands on mentality.	To shape desired mentality	Behavior and cognition	Re-evaluating

<b>If they make mistakes it is going to the team leaders so that not every particular error has to be analyzed deeply, but at this way we can analyze multiple at a time.</b>	to mitigate defaults	Regulation	Re-evaluating
<b>Right now we are having an unstable time and therefore we have to do cost savings and focus even more on efficiency by changing our production processes.</b>	Through focusing on costs	Socioeconomic sustainable aspiration	Establishing
<b>When we earn additional capital it can serve as a kind of buffer for potential bad times we are going to face.</b>	Through financial buffers	Socioeconomic sustainable aspiration	Establishing
<b>You can simply start with this by collecting ideas from people who work at the operating floor and the manager's job is to divide them into good and bad ones.</b>	to uncover potential improvements for business	Interaction	Networking
<b>You can simply start with this by collecting ideas from people who work at the operating floor and the manager's job is to divide them into good and bad ones.</b>	To allow for discretion and assertiveness	Organization	Establishing
<b>But to make this possible, we have to develop our people which I think is a very important element.</b>	To educate employees	Interaction	Networking
<b>What I also find important is new fresh blood in the business. New ideas, new looks on how to improve things but it also stimulates the amount of competitiveness amongst employees.</b>	To find new employees	Interaction	Networking
<b>What I also find important is new fresh blood in the business. New ideas, new looks on how to improve things but it also stimulates the amount of competitiveness amongst employees.</b>	Through hiring new human resources	Acquisition	Networking

I have to take care that this competition within the company remains healthy. They should not be sabotaging their colleagues' machines only to make it evident that they are better.	Through improving working environments	Socioeconomic sustainable aspiration	Establishing's
I have to take care that this competition within the company remains healthy. They should not be sabotaging their colleagues' machines only to make it evident that they are better.	To stimulate employees' participation in improvement processes	Regulation	Re-evaluating
This is what I meant with politeness and respect.	To shape desired values	Behavior and cognition	Re-evaluating
We also have to take into account the teaching capability of the team leaders and the learning capabilities of the employees. These two things depend for me if an employee has future potential or not.	To check current skillset of current and potential employees	Interaction	Networking
And it is also important to attune a lot with your employees if you want them to retain and show some appreciation.	Through improving working environments	Socioeconomic sustainable aspiration	Establishing's
Namely, it is not all about quantity and money, but also about the potential people have.	To check current skillset of employees	Interaction	Networking
I got here with the help of a headhunter.	Through hiring new human resources	Acquisition	Networking
The two main things we are still importing are hot running systems and steel materials.	That allow for competitive advantage	Acquisition	Networking
But I think the key to success is having employees that understand what you tell them and employees who understand the business.	To ensure smooth operation	Co-operation	Re-evaluating
So communication is important but also honesty otherwise the communication is not worth anything.	To shape desired values	Behavior and cognition	Re-evaluating

<b>This is also something that is coming with experience, not everybody dares to tell what they have done wrong because making mistakes feels like a personal failure to them and they may have been working in businesses where making mistakes meant the end of your career.</b>	To shape desired values	Behavior and cognition	Re-evaluating
<b>We are lucky to have a business in Finland as the delivery times to them are way shorter and import costs are not there at all when they buy from Europe.</b>	Request and make beneficial arrangements	Interaction	Networking
<b>We are lucky to have a business in Finland as the delivery times to them are way shorter and import costs are not there at all when they buy from Europe.</b>	By obtaining new valuable shareholders	Redefine organizational boundaries	Establishing
<b>We are lucky to have a business in Finland as the delivery times to them are way shorter and import costs are not there at all when they buy from Europe.</b>	That allow for competitive advantage	Acquisition	Establishing
<b>We order a lot of steel and spare parts through them because of shorter delivery time.</b>	That allow for competitive advantage	Acquisition	Establishing
<b>A funny thing is that we are just talking to each other in our own languages. So we talk in Russia and they talk in their language. It goes better this way than if we are both trying to talk English as neither of the businesses are speaking English that well.</b>	To improve customer & supplier relationship	Interaction	Networking
<b>We also need for our hot runner systems as this component makes us really better than our competition. These we do buy from Manner in Germany.</b>	That allow for competitive advantage	Acquisition	Networking
<b>Price is a big issue for them as that is the reason why they are coming back to business Y.</b>	Through focusing on costs	Socioeconomic sustainable aspiration	Establishing

<b>Communism has made an impact on personal business attitude of employees. It has really resulted into a lack of entrepreneurship. In fact, it has killed all entrepreneurs. Famous entrepreneurs are for that reason mostly from abroad. For example, Peter the Great is trained in Holland.</b>	To shape desired mentality	Behavior and cognition	Re-evaluating
<b>For example in the agriculture communism killed entrepreneurship. Everything became collective and therefore farmers were not the owners anymore. In fact, every business became government owned and as a result the mentality of people was gone.</b>	To shape desired mentality	Behavior and cognition	Re-evaluating
<b>Until here we followed a buy-sell strategy but after these seven years we started to produce our own plastic packaging.</b>	To expand product offerings	Augmentation	Establishing
<b>At this moment, competitors also entered the market and that is why we started to need salesmen.</b>	Human resources	Acquisition	Networking
<b>At this moment, competitors also entered the market and that is why we started to need salesmen.</b>	To find new employees	Interaction	Networking
<b>Economic crises due to economic issues are less problematic for us, because we have enough buffers to sustain and this also provides incentive to be better.</b>	Through financial buffers	Socioeconomic sustainable aspiration	Establishing
<b>If the currency rates are not right, then it becomes really expensive for us to pay. Therefore, we really want to wait for the right time and we also inform our creditors about this.</b>	To request and make beneficial arrangements	Interaction	Networking

<p>We initiated with cosmetic products with partners in Finland. This is the buy-sell strategy I told you about. At that time we were a kind of distributor. This was the most important to achieve our growth in the beginning although it only consisted of fifteen percent. Later on, cosmetic products were having a larger impact on the company's growth.</p>	<p>To expand product offerings</p>	<p>Augmentation</p>	<p>Establishing</p>
<p>A difference from the beginning was that we were not afraid of competition, because we were the only one able to deliver European packaging quality in Russia while our competitors could not. This gave us a great competitive advantage and growth possibilities.</p>	<p>Through offering quality</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>For people it is important that they are connected to their boss at least in the beginning. I say that because they have to be guided by them so that have the same aims as us and know how to things.</p>	<p>To educate employees</p>	<p>Interaction</p>	<p>Networking</p>
<p>For people it is important that they are connected to their boss at least in the beginning. I say that because they have to be guided by them so that have the same aims as us and know how to things.</p>	<p>To stimulate employees' participation</p>	<p>Regulation</p>	<p>Re-evaluating</p>
<p>This also conforms to the company's philosophy of attracting talent and opening it up.</p>	<p>To educate employees</p>	<p>Interaction</p>	<p>Networking</p>
<p>This also conforms to the company's philosophy of attracting talent and opening it up.</p>	<p>To shape desired mentality</p>	<p>Behavior and cognition</p>	<p>Re-evaluating</p>
<p>This also conforms to the company's philosophy of attracting talent and opening it up.</p>	<p>To check current skillset of current and potential employees</p>	<p>Interaction</p>	<p>Networking</p>

<p>Later on, it is not possible to micro manage them anymore because that costs too much time. In that stage the person is responsible for his own development.</p>	<p>To allow for discretion and assertiveness</p>	<p>Organization</p>	<p>Establishing</p>
<p>And that is where the hardest part is, because we have had considerable growth, but not every person was able to grow and develop with it. I call it inter-development and it is really one of the hardest things to manage, because it also means that you have to fire people sometimes</p>	<p>Through employees able to match up with challenges arisen from growth</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>And that is where the hardest part is, because we have had considerable growth, but not every person was able to grow and develop with it. I call it inter-development and it is really one of the hardest things to manage, because it also means that you have to fire people sometimes</p>	<p>To allow for internal growth opportunities</p>	<p>Redefine business functions</p>	<p>Establishing</p>
<p>For example, the head of the financial department was fired in 2013 as he was not functioning as he should. It took six years to find a proper new manager for it and to stabilize the financial department again. Right now things are running smoothly there, but it shows the impact growth can have within the organization.</p>	<p>To allow for internal growth opportunities</p>	<p>Redefine organizational boundaries</p>	<p>Establishing's</p>
<p>For example, the head of the financial department was fired in 2013 as he was not functioning as he should. It took six years to find a proper new manager for it and to stabilize the financial department again. Right now things are running smoothly there, but it shows the impact growth can have within the organization.</p>	<p>Through employees able to match up with challenges arisen from growth</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing's</p>



<p><b>For example, the head of the financial department was fired in 2013 as he was not functioning as he should. It took six years to find a proper new manager for it and to stabilize the financial department again. Right now things are running smoothly there, but it shows the impact growth can have within the organization.</b></p>	<p>To check current skillset of current and potential employees</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>Sustainable growth is however when everybody is skilled enough to cope with the company growth. You can see it as a comparison between sailing over a river and over a sea: someone who can sail on a boat between the borders of a river is unsure whether he is capable of sailing over the seas with only the stars as their guide.</b></p>	<p>Through employees able to match up with challenges arisen from growth</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p><b>Sustainable growth is however when everybody is skilled enough to cope with the company growth. You can see it as a comparison between sailing over a river and over a sea: someone who can sail on a boat between the borders of a river is unsure whether he is capable of sailing over the seas with only the stars as their guide.</b></p>	<p>To check current skillset of current and potential employees</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>I always motivate my employees to stay on the same level as their manager. In addition, they must be able and willing to learn. There is a great difference between this, because some people are really willing to learn more, but they are not able to learn any more.</b></p>	<p>Through employees able to match up with challenges arisen from growth</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing's</p>
<p><b>I always motivate my employees to stay on the same level as their manager. In addition, they must be able and willing to learn. There is a great difference between this, because some people are really willing to learn more, but they are not able to learn any more.</b></p>	<p>To shape desired mentality</p>	<p>Behavior and cognition</p>	<p>Networking</p>

<p><b>This also works the other way around. Some people are able to learn but simply not willing to. The last is mostly the case with people who are working in the factory behind the machines. And that is not a bad thing, because they are happy with where they are.</b></p>	<p>To check current skillset of current and potential employees</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>Another thing which is important is to have a global view of the whole company. It is okay to be better in one thing than in others, but you should at least know of and understand everything what is going around in the company.</b></p>	<p>To improve interdepartmental connectedness</p>	<p>Behavior and cognition</p>	<p>Re-evaluating</p>
<p><b>There is also a financial aspect in motivating your employees because you can give them bonuses if they reach their targets. This has proven to work very well here.</b></p>	<p>To stimulate employees' participation</p>	<p>Regulation</p>	<p>Re-evaluating</p>
<p><b>In solving the problems that have happened, we always try to solve the most important thing first. It does not matter how big it is, because if you look to the time that it takes to solve a problem, then more people will procrastinate.</b></p>	<p>To mitigate defaults</p>	<p>Regulation</p>	<p>Establishing</p>
<p><b>Instead, we want to try to focus on the importance of the problem. If it is not important, then we are not going to solve it. This can save a lot of time. In other words, we have a first things first problem solving strategy.</b></p>	<p>Through focusing on costs</p>	<p>Organization</p>	<p>Establishing</p>
<p><b>Therefore, I say that you should never be contended as competition will take you over. A business should always aim for more efficiency and improving the ways they get things done.</b></p>	<p>To shape desired mentality</p>	<p>Behavior and cognition</p>	<p>Re-evaluating</p>

<b>For the people who want to keep developing themselves, I provide the opportunities. I think that to be able to access these opportunities motivates employees also. Namely, talented people have the chance to become managers.</b>	To stimulate employees' participation	Regulation	Re-evaluating
<b>Namely, talented people have the chance to become managers.</b>	To allow for internal growth opportunities	Redefine business functions	Establishing
<b>The most important thing for them is to know their personal plans. What are they trying to achieve and what are their points of possible improvement? These talented people have the potential to change current processes into better and more efficient ones.</b>	To check current skillset of current and potential employees	Interaction	Networking
<b>These talented people have the potential to change current processes into better and more efficient ones.</b>	To uncover potential improvements for business	Interaction	Networking
<b>These talented people have the potential to change current processes into better and more efficient ones.</b>	To stimulate employees' participation	Regulation	Re-evaluating
<b>Between the management levels in the business we adopt a bottom up approach</b>	To stimulate employees' participation	Regulation	Re-evaluating
<b>Between the management levels in the business we adopt a bottom up approach</b>	To uncover potential improvements for business	Interaction	Networking
<b>We can adopt this approach because all our management have had training which provided them the right professionally to judge about situations in the business here</b>	To educate employees	Interaction	Networking

It is not fully top down though, because even people at the operational floor get the chance to give their opinion. But this is mostly after the task is done, because frankly speaking it will take too much time if you are going to discuss everything in detail.	To stimulate employees' participation	Regulation	Re-evaluating
Now, the amount of suppliers and customers in Russia is growing, it is like fifty fifty.	That allow for competitive advantage	Acquisition	Networking
Global cooperation can however be beneficial for both parties and is based on trust. Trust is a very important element in cooperating.	Through building trustworthiness	Co-operation	Re-evaluating
Other partnerships beside suppliers and customers are our twelve wholesale partners. They are small because it is B2C. It is also a social aspect of our organizations, because this part of our business is not really needed, but we know it can benefit others. So that is why we decided to proceed with it.	Through societal and environmental friendly measures	Socioeconomic sustainable aspiration	Establishing
The customers of these distributors can enter the shop by themselves with a lock code. There are no employees present there.	Through building trustworthiness	Co-operation	Re-evaluating
The reason for the startup of the joint venture was initially to repair moulds.	To expand production capabilities	collaboration	Networking
The reason for the startup of the joint venture was initially to repair moulds.	By obtaining new valuable shareholders	Redefine organizational boundaries	Establishing
In the beginning personnel was sent to business Z for education. Employees from designing and production got the chance to develop themselves there.	To expand knowledge	Acquisition	Networking
If you look at them now, most of them have a supervisory, senior or mentoring role in business Y.	To allow for internal growth opportunities	Redefine business functions	Establishing

<b>In other words, in the first five years employees could fully focus on learning. We really noticed that people were beginning to work more efficient and therefore our payroll costs went down.</b>	To educate employees	Interaction	Networking
<b>After these five years, in 2014, we experienced the fastest growth. This is because we started to make our own new moulds in this period.</b>	To expand product offerings	Augmentation	Establishing
<b>business Y gets competitive advantage through quality and we measure that with reliability, performance, cycle time, equal weight and drop tests.</b>	Through offering quality	Socioeconomic sustainable aspiration	Establishing
<b>In addition, the competition is not keen on cycle times and that is something we are really focusing on</b>	To be informed about competition	Interaction	Networking
<b>In addition, the competition is not keen on cycle times and that is something we are really focusing on</b>	To ensure smooth production	Co-operation	Re-evaluating
<b>Also, whenever we are producing a mould we strive for 2 times of profit of the costs before refurbishment.</b>	Through focusing on costs	Socioeconomic sustainable aspiration	Establishing
<b>This increases the speed of our mould making process as three shifts can be done during one day with just one person. And this results into cheaper payroll and more efficiency.</b>	Through focusing on costs	Socioeconomic sustainable aspiration	Establishing
<b>Not everyone likes this because they have less control on their machine and on the process. Namely, if something goes wrong, they can only solve the problem whenever it is their next shift.</b>	To ensure smooth production	Co-operation	Re-evaluating
<b>Our customer base consists of eighty percent internal customers and twenty percent external.</b>	To improve customer and supplier relationship	Interaction	Networking

External is just twenty percent as we have a connection to *. I can this explain to you because the people who order moulds at our place know that one of our own companies is also using moulds to produce plastic packaging. So if external customers buy moulds at our place they are sometimes frightened that they indirectly strengthen their competition	While considering barriers for potential partners to collaborate	collaboration	Networking
We however maintain to serve external customers because it creates a view of the markets.	To be informed about competition	Interaction	Networking
And it is also true that we are one of the few mould makers in Russia that can deliver moulds in these quality requirements	Through offering quality	Socioeconomic sustainable aspiration	Establishing
Still we need Europe for equipment. More specifically, hot runner systems in our moulds that allow the molten plastic pellets to be injected in the moulds. We really need this because we want to have a good cycle time and the runner systems do not have to be replaced every time whenever there is used a hot runner system.	That allow for competitive advantage	Acquisition	Networking
In addition, our steel quality is not so good as the quality from Europe. We need the steel quality because moulds need a very particular refined type of steel. Over here in Russia, nobody prepares this kind of steel and therefore we need to import it.	That allow for competitive advantage	Acquisition	Networking
Success as a manager is mainly depending on its work force. You have to get the right people which are willing to give extra effort. In the first five years of our existence this was a great search quest.	To find new employees	Interaction	Networking

<b>Because finding the right people means finding people with the right knowledge and attitude.</b>	To check current skillset of current and potential employees	Interaction	Networking
<b>With the right attitude I mean two things. They have to stay until the job is finished and not until it is five o'clock.</b>	To shape desired mentality	Behavior and cognition	Re-evaluating
<b>This we first had to negotiate many times as people did not always agree with it, but right now it is more of a tacit knowledge.</b>	To ensure smooth production	Co-operation	Re-evaluating
<b>Another thing I meant with the right attitude is that they have to think for all departments within business Y, but also for our internal customer *. This means when something is not belonging to their job description, there can be still occasions in which they have to do it. They cannot simply reject doing particular activities as it is not in their job description.</b>	To shape desired mentality	Behavior and cognition	Re-evaluating
<b>Another thing I meant with the right attitude is that they have to think for all departments within business Y, but also for our internal customer *. This means when something is not belonging to their job description, there can be still occasions in which they have to do it. They cannot simply reject doing particular activities as it is not in their job description.</b>	To improve interdepartmental connectedness	Behavior and cognition	Re-evaluating
<b>Sometimes we have to collaborate in order to succeed and if people are rejecting to do certain activities this is not going to happen so well</b>	To create foundation for interdepartmental connectedness	Co-operation	Re-evaluating

<p>Every inquiry we get is different, so because of this complexity we need multiple people with multiple insights that can help solving problems. Project based require this more than for example a factory with a conveyer belt.</p>	<p>to stimulate employees' participation</p>	<p>Regulation</p>	<p>Re-evaluating</p>
<p>I think my job as a director is point out to people that they have to do their job first and after that discuss how it could have been done better instead of doing this during the process itself. If you do this during the process itself, it will all become way less efficient and it will all cost way more time.</p>	<p>To uncover potential improvements for business</p>	<p>Interaction</p>	<p>Networking</p>
<p>And for that reason I have decided that feedback is, in general, more welcome after the task than during the task.</p>	<p>To allow for discretion and assertiveness</p>	<p>Organization</p>	<p>Establishing</p>
<p>The design department of business Y, I see them as artists. There is a lot of creativity involved in product designing. Because that is what mould making is, product making and design. The standards of a mould are like thirty percent. But for the rest the designers have to come up with ideas.</p>	<p>To allow for discretion and assertiveness</p>	<p>Organization</p>	<p>Establishing</p>
<p>And that is the hardest part, because they are usually not the one who get the inquiry from the customer, this is the sales person. So they have to give this information to them without any noise so that they exactly know what there is being said.</p>	<p>To create foundation for interdepartmental connectedness</p>	<p>Co-operation</p>	<p>Re-evaluating</p>



<p>However, knowing what the customer wants is hard because customers themselves do not exactly know what they want. Now I am not speaking about * but about their customers, because the expectations for internal customers are known but for external customers more effort is needed. They usually come to us and say, we want something like this and it has to have at least these characteristics and these elements. So the designers have to translate this into packaging which is not only original and feasible, but also fits to the customer needs which in my opinion the hardest of all operations.</p>	<p>To improve customer and supplier relationship</p>	<p>Interaction</p>	<p>Networking</p>
<p>Improving and repairing moulds has to be realistic. If a mould is damaged in such a way that it costs more than producing a whole new mould, then why would you repair it right? So the financial viability of repairing a mould is a thing that we always discuss before we start doing the job. It has to pay off.</p>	<p>Through focusing on costs</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>In the field of CSR we take care of clean working places. This has to be done right away. I do not know if this is included in CSR but I find it very important that my employees work in a clean environment so that they cannot slip or get sick.</p>	<p>Through comfortable working environments</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p>Another thing we do for the environment is that we do not throw away our waste of steel but we sell it. In other words, our scrap has value and it can be sold</p>	<p>Through societal and environmental friendly measures</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>

<p><b>At last, we are also careful with the chemicals we have in our factory. There is a lot of cooling liquid involved which has to be disposed into a tank which is outsourced to another business which makes it non-toxic. We pay for doing this.</b></p>	<p>Through societal and environmental friendly measures</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establishing</p>
<p><b>I also find it important to create a friend culture, which is especially important for us as we aim for a lot of efficiency in the factory. My role in this is to create parties in which we discuss our results, ideas but also our safety.</b></p>	<p>To enhance cultural cohesion</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>This really creates enjoyment within but also across the teams. What we also do is that we go on vacation with everyone, this is something we have introduced in the last three years. We close down the factory for two weeks and then we go on vacation with everybody.</b></p>	<p>To enhance cultural cohesion</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>We also want to show our appreciation if people are working here for a long time. So for every employee we celebrate a ten year anniversary with gifts. This is a badge, a gold coated one and a suit to put it on. This suit is tailored to the specific needs of everyone who gets them. By doing this, I want to create an give-atmosphere which I find especially important in efficiency minded businesses.</b></p>	<p>To enhance cultural cohesion</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>Mistakes in our business are costly. One mistake can cost us easily ten thousand Euro. That is why we are very aware of everything we are doing.</b></p>	<p>To shape desired mentality</p>	<p>Behavior and cognition</p>	<p>Re-evaluating</p>
<p><b>Instead of blaming the employee, we ask the employee to make a report of where the mistake was being made.</b></p>	<p>To mitigate defaults</p>	<p>Regulation</p>	<p>Re-evaluating</p>

<b>If you only blame the employee and punish him, he will take too much time in the future to check whether he has made mistakes or not. This is because he has become afraid of making mistakes and this makes the efficiency in the business worse</b>	Through improving working environments	Socioeconomic sustainable aspiration	Establishing's
<b>We also ask the employee to resolve the mistake he has made in his free time whenever there are made multiple mistakes.</b>	To mitigate defaults	Regulation	Re-evaluating
<b>They also improved the road next to us so that the vibrations that from trucks driving over it did not affect our machines in the company.</b>	To request and make beneficial arrangements	Interaction	Networking
<b>Economic crises over here really influence the exchange rate here. That really gives us an incentive to be less dependent on Europe.</b>	To increase independency	Augmentation	Establishing's
<b>Economic crises over here really influence the exchange rate here. That really gives us an incentive to be less dependent on Europe.</b>	Through focusing on costs	Socioeconomic sustainable aspiration	Establishing
<b>However, depending less on Europe means that we have to depend on another country. This is because we are not capable of producing the equipment within Russia. An option is therefore China, but whenever it concerns to quality, it is not that great to import from there. It is also too far away</b>	While considering barriers for potential partners to collaborate	collaboration	Networking
<b>A key solution for our growth was therefore our relation with business Z as we captured a lot of knowledge from it.</b>	By obtaining new valuable shareholders	Redefine organizational boundaries	Establishing's
<b>A key solution for our growth was therefore our relation with business Z as we captured a lot of knowledge from it.</b>	To expand knowledge	Acquisition	Networking

<b>A key solution for our growth was therefore our relation with business Z as we captured a lot of knowledge from it.</b>	To educate employees	Interaction	Networking
<b>A key solution for our growth was therefore our relation with business Z as we captured a lot of knowledge from it.</b>	To access new knowledge sources	collaboration	Networking
<b>We had communication on daily basis, in the first five years. Business Z transferred their experience and information to us which made it possible for us to make less mistakes</b>	To uncover potential improvements for business	Interaction	Networking
<b>In this collaboration I found the most important that we spoke the same language, that we were both willing to collaborate and also trust. With language I also mean expertise as this is also a language.</b>	By estimating if potential partner has matching values	collaboration	Networking
<b>There is invoiced less to internal companies than to external customers. In other words, subsidiaries are charged with a discounted price.</b>	To request and make beneficial arrangements	Interaction	Networking
<b>This is because there has to be an incentive to buy internally as this strengthens both business units' sustainability. The benefit of having internal customers is more financial sustainability as it is likely that moulds are procured because of the discounted price.</b>	To make compromises	Interaction	Networking
<b>business Y has always reinvested their profit with the underlying presumption that this enhances their sustainability. In other words, they have never distributed any dividend to shareholders.</b>	Through R&D activities	Socioeconomic sustainable aspiration	Establish applicable processes

<p><b>Business Z argues that the benefit for them is not to gain financial benefits directly out of business Y, but if business Y exists then business Z's customer, * (another business unit of *), is more likely to sustain and grow. As a result, * is able to buy more from business Z. In short, business Y is not a means to gain direct revenue but indirect revenue instead.</b></p>	<p>To improve customer and supplier relationship</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>Since the price of raw materials for producing plastic packaging has risen, the financial performance of * is decreasing. This emphasizes the need of savings on other sides of the business for which business Y is a great solution.</b></p>	<p>Through focusing on costs</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establish applicable processes</p>
<p><b>Since the price of raw materials for producing plastic packaging has risen, the financial performance of * is decreasing. This emphasizes the need of savings on other sides of the business for which business Y is a great solution.</b></p>	<p>To increase independency</p>	<p>Augmentation</p>	<p>Establish applicable processes</p>
<p><b>In addition, * is creating packaging for the food industry. Since food is a basic necessity of life, it is likely that it is easy to increase the price customers have to pay. This way, the loss can be compensated through increased prices on product offerings.</b></p>	<p>To expand product offerings</p>	<p>Augmentation</p>	<p>Establish applicable processes</p>
<p><b>In order to properly measure financial performance, earnings are recognized on the moment it is sold instead of when it is received.</b></p>	<p>To monitor progress</p>	<p>Organization</p>	<p>Establish applicable processes</p>
<p><b>As previously mentioned, profit percentages on 'internal' operations are lower than on 'external' operations. This is because the discounted prices between subsidiaries.</b></p>	<p>To request and make compromises</p>	<p>Interaction</p>	<p>Networking</p>

<p><b>This may counterintuitive as maintenance operations result into less repairing activities to be done in the future. However, it improves the total sustainability within the business holding because maintenance results into resources that become more durable.</b></p>	<p>Through offering quality</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establish applicable processes</p>
<p><b>Labor costs in Russia are lower which is beneficial as various operations still have to be done manually. In The Netherlands this is less the case as more has been automated already. In other words, higher labor costs in Netherlands/Europe were an incentive to improve efficiency in factories mostly through automating and robotizing production processes.</b></p>	<p>Through R&amp;D activities</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establish applicable processes</p>
<p><b>Labor costs in Russia are lower which is beneficial as various operations still have to be done manually. In The Netherlands this is less the case as more has been automated already. In other words, higher labor costs in Netherlands/Europe were an incentive to improve efficiency in factories mostly through automating and robotizing production processes.</b></p>	<p>Through focusing on costs</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establish applicable processes</p>
<p><b>These investments serve as a foundation for the company to operate properly.</b></p>	<p>Through improving working environments</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establish applicable processes</p>
<p><b>This creates noise at the operational floor as employees see the new machines coming and think: why has the management ordered machine? The last one was barely used.</b></p>	<p>To ensure smooth operation</p>	<p>Co-operation</p>	<p>Re-evaluating</p>
<p><b>An explanation for this that procuring these machines come with depreciation and thus also with of tax benefits.</b></p>	<p>Through maintaining financial buffers</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establish applicable processes</p>

<b>As a result, assets within the company are always technologically advanced and thus the factories are more likely to remain sustainable</b>	Through R&D activities	Socioeconomic sustainable aspiration	Establish applicable processes
<b>This is because new machines are less likely to break and thus less likely to interrupt production processes.</b>	To prevent and mitigate defaults	Regulation	Re-evaluating
<b>As a consequence, customers can expect their order on time which improves customer satisfaction and customer retention.</b>	To improve customer and supplier relationship	Interaction	Networking
<b>Labor costs are still one of the highest costs of a company. This is especially the case when employees have to be hired for a shorter period of time as they cost more on hourly basis. This is why the subsidiaries are helping each other in times of capacity issues.</b>	Through focusing on costs	Socioeconomic sustainable aspiration	Establish applicable processes
<b>Also, it creates another possibility for development of their employees as they are involved into multiple business activities. More specifically, being involved into more business activities also enhances the skill of a particular person because they are capable of performing more activities than they could before.</b>	To educate employees	Interaction	Networking
<b>* is gathering samples of packaging products of competitors and they are asking for specific product knowledge from business Z.</b>	To be informed about competition	Interaction	Networking

<p><b>They notice that on the top of the packaging products is a spot and * wants to know if this can be prevented. And if not, is it going to be accepted in the market? Or can it be covered by a label? Business Z points out that maybe the thickness of the plastic can help the problem, but they also have to take into account that the smell of certain packaging can be a problem as well as increased thickness increases the smell which may be a problem because this packaging is meant for the food industry.</b></p>	<p>To expand knowledge</p>	<p>Acquisition</p>	<p>Networking</p>
<p><b>* asks, what technical issues will there be regarding for example cycle time? Then they are discussing which mould can be used to create the particular features this packaging product has.</b></p>	<p>To expand knowledge</p>	<p>Acquisition</p>	<p>Networking</p>
<p><b>* has noticed that a competitor creates squared packaging products and they have used a black coating for their moulds. Business Z replies: creating moulds like these are way more expensive, but the maintenance and cleaning will be less. However, it makes the mould making process a lot more complex and so there will be increased costs. * takes the advice of business Z and proceed to the next point of their discussion.</b></p>	<p>To be informed about competition</p>	<p>Interaction</p>	<p>Networking</p>



<p><b>* is pointing to another product from their sample of competitors and they say they are unfamiliar with it. So, they ask what business Z's experience is with it. Business Z says that the lifetime of the mould is not beneficial. Also, the looks of it make the production process more complex. With this product the producers definitely found the appearance more important than the functionality of it.</b></p>	<p>To be informed about competition</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>As * is serving multiple markets, the relevance also differs with regard to their products' looks. For example, if they create packaging products for paint, then looks will matter less. But if they are creating packaging for cosmetics, then looks will be more important as this can convince the customer to buy the product.</b></p>	<p>To expand knowledge</p>	<p>Acquisition</p>	<p>Networking</p>
<p><b>If *'s customer wants a packaging product with a different appearance, then this is going to make the mould making processes of business Y and business Z more complex because they have to produce the mould for *. As a result, business Y and business Z have to do particular things which they have never done before. Therefore, the chance of making mistakes is larger. And making mistakes is very expensive in a mould making process, because expensive material will be lost (a special type of refined steel) and sometimes the whole process has to be redone.</b></p>	<p>To expand knowledge</p>	<p>Acquisition</p>	<p>Networking</p>
<p><b>Then * is pointing to a lid of which they want to know more about. They say it looks ugly because it is big and cockles are more noticeable on it.</b></p>	<p>To be informed about competition</p>	<p>Interaction</p>	<p>Networking</p>

<p><b>But then business Z argues that you cannot really say this because they are observing it without a label at this moment. In addition, some large lids have purpose so it really depends on the market they are going to use it for. At last, whether the lid is going to be observed as too big also depends on the rest of the packaging.</b></p>	<p>To expand knowledge</p>	<p>Acquisition</p>	<p>Networking</p>
<p><b>* then begins to talk about troubles they have with a customer inquiry. They have bought a mould at a different supplier (not business Y, nor business Z) and when they are producing their goods with it they have noticed that the clamping force is not the same on both sides.</b></p>	<p>To expand production capabilities</p>	<p>Collaboration</p>	<p>Networking</p>
<p><b>In addition, they are hard to stack due to different weights. business Z comes with a solution by saying that they can try to over-inject the mould with plastic pellets to get the same weight and thus the rights proportions of the amount of material.</b></p>	<p>To uncover potential improvements for business</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>In addition, they are hard to stack due to different weights. business Z comes with a solution by saying that they can try to over-inject the mould with plastic pellets to get the same weight and thus the rights proportions of the amount of material.</b></p>	<p>To expand knowledge</p>	<p>Acquisition</p>	<p>Networking</p>
<p><b>Maybe they can replicate some features of competitors, but then business Z states that copying their competitors will also result into copying more problems.</b></p>	<p>To uncover potential improvements for business</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>Maybe they can replicate some features of competitors, but then business Z states that copying their competitors will also result into copying more problems.</b></p>	<p>To expand knowledge</p>	<p>Acquisition</p>	<p>Networking</p>

<p><b>So then business Z says: maybe if you want to produce it cheaper then you can also go back to a cheaper solution? You can try to create a U-shaped design which will also make it easier to stack. * thinks about it.</b></p>	<p>To uncover potential improvements for business</p>	<p>Interaction</p>	<p>Networking</p>
<p><b>* does not answer this and decides to start with a new design. Then, business Z points out that it is probably a high risk challenge which is going to be very costly. Namely, the machine is there but a new mould has to be built and if it does not work, the whole mould will be destroyed. * notes if that is going to happen then they can still replace some parts. For example, the hot runner system can be replaced and this is the most expensive part of it. Only work hours will be lost. business Z says that they were in the same situation and they stopped because it took too long for the customers.</b></p>	<p>To expand knowledge</p>	<p>Acquisition</p>	<p>Networking</p>
<p><b>* does not answer this and decides to start with a new design. Then, business Z points out that it is probably a high risk challenge which is going to be very costly. Namely, the machine is there but a new mould has to be built and if it does not work, the whole mould will be destroyed. * notes if that is going to happen then they can still replace some parts. For example, the hot runner system can be replaced and this is the most expensive part of it. Only work hours will be lost. business Z says that they were in the same situation and they stopped because it took too long for the customers.</b></p>	<p>To uncover potential improvements for business</p>	<p>Interaction</p>	<p>Networking</p>

But if * sees is as a R&D development that creates potential competitive advantage then they can do it. It depends on the strategy they want to take.	Through R&D activities	Socioeconomic sustainable aspiration	Establish applicable processes
The last point of discussion regards to a robot that business Z has delivered to *.	To expand production capabilities	Collaboration	Networking
Then business Z notes that the camera is probably too old, because over-injection is not seen by the camera but it is seen with the human eye.	To uncover potential improvements for business	Interaction	Networking
So, * proceeded to buy a new camera for the robot (as advised by business Z) which costed about 45K EUR but it still did not work.	That allow for competitive advantage	Acquisition	Networking
* is now thinking about whether to proceed with the use of a robot or buy a cobot which has to be manually operated by an employee. Then business Z argues: why would you not go for the robot? And if it does not work, take the reusable parts of it. * replies with asking if it is not possible to avoid the problems instead of just trying and checking. A robot should be 100% accurate so theoretically it is not possible that it is going wrong and right now the four abovementioned problems should definitely not pass the vision test. As a result, * considers the cobot but business Z says they have to try the robot as this would be the best on the long-term.	To uncover potential improvements for business	Engage stakeholders and communities	Networking

<p>Then, * asks if they can get a discount if they are going to buy another camera from business Z. business Z accepts this and promises to deliver another camera with a discount as much as the difference of the normal selling price minus the cost price. business Z has to find out what the price is going to be exactly and then they will inform *.</p>	<p>To request and make beneficial arrangements</p>	<p>Interaction</p>	<p>Networking</p>
<p>Then, * asks if they can get a discount if they are going to buy another camera from business Z. Business Z accepts this and promises to deliver another camera with a discount as much as the difference of the normal selling price minus the cost price. Business Z has to find out what the price is going to be exactly and then they will inform *.</p>	<p>Through focusing on costs</p>	<p>Socioeconomic sustainable aspiration</p>	<p>Establish applicable processes</p>
<p>Now * asks if they can do anything by themselves to make it cheaper as their budget is exceeded since procuring the new camera was an unexpected expense. Business Z replies that they will buy back their old camera as it is easy for them to resell it.</p>	<p>To request and make beneficial arrangements</p>	<p>Interaction</p>	<p>Networking</p>
<p>In addition, business Z refers to another company in South Africa (*) and state that they control more as their cameras have even more megapixels and thus a better resolution. Although this resolution may be considered as too high for the purpose it is serving, * has seldom troubles with their robots which confirms that buying a better camera should solve the problem.</p>	<p>To uncover potential improvements for business</p>	<p>Interaction</p>	<p>Networking</p>

## Appendix F – Summary of all factors and subfactors regarding business X

Category	Factors	Subfactors	
<b>Networking</b>	Collaboration	With BoP to gain mutual benefit	
		To expand production capabilities	
		Consider barriers for partners and employees	
	Acquisition	To access new knowledge sources	
		Human resources with desired mentality and values	
		To expand knowledge	
	Interaction	To gain competitive advantage	
		To uncover potential improvements for business	
		To educate employees	
		To check current skillset of current and potential employees	
		To enhance cultural cohesion	
		To involve marginalized people into business	
		To be informed about competition	
<b>Re-evaluating</b>	Behavior and cognition	To improve interdepartmental connectedness	
		Regulation	
	Co-operation	To monitor progress in operations	
		To prevent and mitigate defaults	
		To stimulate employee's participation in (improvement) processes	
	<b>Establishing</b>	Augmentation	Through building trustworthiness and internal agreements
			To ensure smooth operation
			To create foundation for interdepartmental connectedness
		Socioeconomic sustainable aspiration	To expand product offerings to solve complexity of poverty
			To support marginalized groups
To adopt more environmental friendly solutions			
Through offering quality			
Through R&D activities			
By supporting and including marginalized groups			
Through maintaining financial buffers			
Expansion		Through focusing on costs	
	Through improving working environments		
	Through societal and environmental friendly measures		
	By obtaining new valuable shareholders		
	Acquisitive growth		

	To allow for internal growth opportunities of employees
Organization	To allow for discretion and assertiveness
	To correspond business structure with customer's needs

**Appendix G – Summary of all factors and subfactors regarding business Y**

<b>Category</b>	<b>Factors</b>	<b>Subfactors</b>	
<b>Networking</b>	Collaboration	Expand production capabilities	
		Consider barriers to collaborate	
		Access new knowledge sources	
	Acquisition	Acquire human resources	
		Expand knowledge	
		Run regular business processes	
		Gain competitive advantage	
	Interaction	Uncover potential improvements for business	
		To educate employees	
		To check current skillset of current and potential employees	
		To enhance cultural cohesion	
		To find new employees	
		Inform about competition	
	<b>Re-evaluating</b>	Behavior and cognition	To shape desired mentality
			To shape desired values
To improve interdepartmental connectedness			
Regulation		Monitor progress in operations	
		Prevent and mitigate defaults	
		Stimulate employee's participation in (improvement) processes	
Co-operation		Build trustworthiness	
		Ensure smooth operation	
		Create foundation for interdepartmental connectedness	
		<b>Establishing</b>	Augmentation
To increase independency			
To adopt more environmental friendly solutions			
socioeconomic sustainable aspiration	Through offering quality		
	Through focusing on costs		
	Through maintaining financial buffers		
	Through employees able to match up with challenges arisen from current state of growth		
	Through improving working environments		
	Through societal and environmental firendly measures		
Expansion	By obtaining new valuable shareholders		
	To allow for internal growth oppourtunities of employees		
Organization	To monitor progress		
	To allow for discretion and assertiveness		