

Differences in scaling between inclusive SMEs and MNEs in a BoP context

Author: June R.S.M. te Vaanholt
University of Twente
P.O. Box 217, 7500AE Enschede
The Netherlands

ABSTRACT,

Poverty is still one of the world's most intractable problems (London, 2008). Over half the world population lives on less than \$5.50 a day, otherwise known as the Base of the Pyramid (BoP). To provide a long term solution for these people, they have to lift themselves out of poverty. One such way is that businesses include people from the BoP in their value chains, thus becoming inclusive businesses. Key is that they not only have social impact, but are profitable as well. However, many inclusive businesses fail to survive. To reach viability, scaling is crucial. This research focusses on the research gap in differences in scaling between inclusive SMEs and MNEs in a BoP context, thus proving a first insight into how successful SMEs and MNEs have scaled. To do so, a framework by Bocken et al. (2016), containing scaling aims, methods and actions, was used to analyse the six sample companies. While it is difficult to make generalisations, both commonalities and differences have been identified within this sample that consisted of an equal number of SMEs and MNEs. Thus setting a base for further research.

Graduation Committee members:

1st supervisor: Prof. dr. ir. P.C. de Weerd-Nederhof

2nd supervisor: Dr. A.M. von Raesfeld Meijer

Keywords

Base of the Pyramid, poverty, inclusive business, scaling, SME, MNE.

1. INTRODUCTION

1.1 Poverty at the Bottom of the Pyramid

Out of the 7.6 billion people in the world, about 4 billion of them live on less than \$5.50¹ a day (Worldbank, 2018), otherwise known as the Bottom or Base of the Pyramid (BoP). This phrase was first introduced in the literature by Prahalad and colleagues respectively Lieberthal (1998), Hart (1999; 2002) and Hammond (2004) in which an economic pyramid is depicted that is divided in four tiers. The fourth tier represents the (extremely) poor in the world, the BoP. Although poverty alleviation methods have always been present, in these papers the authors coined a new idea where especially Multinational Enterprises (MNEs) could make a profit, while also lifting people from the BoP out of poverty. Not through philanthropy, but through business engagement with the poor on a mutually positive basis. After all, they represent a \$5 trillion purchasing power market (IFC/WRI, 2007).

Despite this, many lack access to basic amenities such as safe drinking water, sanitation, education and core health services. (Worldbank, 2018; World Business Council for Sustainable Development [WBCSD], 2020) This social and economic deprivation makes it difficult for next generations as well to lift themselves out of poverty, ergo a vicious circle. As Ted London (2008) put it: "Poverty, especially in developing countries, is one of the world's most intractable problems".

Addressing this worldwide issue is therefore high on the agenda of many nations around the globe; eradicating poverty by 2030 is for instance the first Sustainable Development Goal (SDG) mentioned by the United Nations (UN). Unfortunately, although we have come a long way, poverty rates are not decreasing fast enough to meet the 2030 goal and are even increasing in areas such as Sub-Saharan Africa. The current COVID-19 crisis constrains these rates even further, thus increasing an already growing wealth gap. From everywhere around the globe news articles emerge with declining economic growth rates and increasing unemployment rates to confirm this. Especially those in the informal market are affected by it. International Monetary Fund's (IMF) research (2020) shows that the COVID-19 crisis is even set to wipe out nearly ten years of development in the extremely poor regions. It is safe to say we should be rightly concerned about those representing the lowest economical tier. For this research a market-based poverty alleviation approach that fits with the BoP concept introduced by Prahalad and colleagues and SDGs by the UN was looked into. The Inclusive Business Model assumes that companies will take on a developmental role that seeks to deliver pro-poor outcomes that contribute to international development goals by inclusion of low-income communities in the business value chain (Golja&Požega, 2012; Likoko&Kini, 2017). Important is that these businesses are financially viable, while also help lifting people from the BoP in their value chain from poverty in a sustainable way. In other words, it provides a long-term perspective. For inclusive businesses to also have a long-term perspective, it is important to scale.

1.2 Problem statement

However, according to the World Business Council for Sustainable Development (WBCSD), "there are numerous examples worldwide from companies of all sizes actively testing and rolling out inclusive business models, but relatively few of these ventures have achieved potential for

scale" ("Scaling up inclusive businesses," 2013). The reasons why scaling is important are various. Usually, the bigger the size of the company, the higher the productivity. Moreover, it can contribute to job creation, innovation and competitiveness, thus contributing to wage raise and income levels, which in turn contributes to multiple levels of economy in a country. (WBCSD, 2013; OECD, 2018) Furthermore, scale is crucial in the developing world to be able to truly meet the needs of billions of people in order to reduce poverty (and associated problems) and also to achieve financial viability. However, there is limited understanding of the ways through which these businesses achieve scale (Bocken et al., 2016).

While there is literature on scaling, it mostly consists of scaling traditional for-profit businesses where social impact is not included and many of the tools and models are targeted at developed markets. The business growth strategies by Ansoff for instance that are well-known since their introduction in 1988, were developed for traditional for-profit businesses, or the Scaling Management Framework by Fitzgerald et al. (2017) that focusses on how to best design organisations to maximise growth through digitalisation. Few however focus on scaling inclusive businesses. Often authors do stress the importance of scaling inclusive or social businesses and refer to the fact that scaling is difficult for these types of businesses (Alter, 2007; Karamchandani et al., 2009) and even provide a definition of scaling (Polak, 2009; Bocken et al., 2016), but few provide insight into how to actually scale (Bocken et al., 2016). Studies that are exceptions to this are those by Bloom and Chatterji (2009) where seven organisational drivers are described that can stimulate successful scaling of social entrepreneurial impact and by Bocken et al. (2016) where Ansoff's (1988) growth strategies were tested against social businesses.

This shows a research gap for a study where inclusive businesses are investigated with regard to (successful) scaling processes and how to apply them.

Furthermore, Kolk et al. (2014) call for a deeper analysis of the various business models at the BoP as research into the profitability of specific BoP initiatives would help identify which BoP models are likely to be more profitable. This will also shed a little light on the relationship between profit and poverty alleviation, two key characteristics of the Inclusive Business Model, which is a business model applicable at the BoP. However, who actually consists of the BoP, is also up for debate. There is a wide variety of BoP definitions, which can lead to confusion (Kolk et al., 2014). The intention of this thesis is therefore, to gain a deeper understanding of scaling inclusive businesses in a clearly defined BoP context.

Not only do Kolk et al. (2014) call for a deeper analysis of BoP business models, they also propose different types of organisations have different impact on BoP initiatives. Size has a moderating effect on transformation of the business model (Zott and Amit, 2007) and Small and Medium Sized Enterprises (SMEs) and Multinational Enterprises (MNEs) are structurally different and face different challenges (Robbins and Barnwell, 2006; Aguilar-Fernández and Otegi-Olaso, 2018). Thus, the assumption that they each have different impact on the Inclusive Business Model, is worth investigating. Moreover, in this context, literature on SMEs and MNEs is hard to find. In the context of Corporate Social Responsibility (CSR), as inclusive business is related to CSR (Likoko and Kini, 2017), some literature exists. This focusses for instance on the relationship between CSR and SMEs and MNEs in decision-making (Dimosthenis, 2015) or on the interaction between MNEs and SMEs and how that influences development (Tulder and Da Rosa, 2012). However, there is

¹ 2011 PPP.

no previous study of the effect that size has on scaling processes of inclusive businesses. Thus, there is a niche for a comparative study in scaling inclusive SMEs and MNEs in a BoP context. This is particularly interesting as at the beginning of the BoP concept, specifically MNEs were called upon by Prahalad and colleagues to engage the poor in their value chain, but since then, mostly SMEs have initiated BoP initiatives (Kolk et al, 2014).

1.3 Research question

The research gap and pleas for further research as mentioned in the previous section, lead to a research aim to provide a first insight into the scaling differences between inclusive SMEs and MNEs, including the following main research question:

What are the differences in scaling between inclusive SMEs and MNEs in a BoP context?

To fully appreciate in what context the concepts are meant and how they relate to each other, elaboration on this topic is necessary. Furthermore, to be able to understand what the differences are in scaling between inclusive SMEs and MNEs that operate in a BoP context, we first need to understand *how* they scale. Thus, the sub questions to be answered in this thesis are:

- i. *How are the main concepts related to each other?*
- ii. *How do inclusive SMEs in a BoP context scale?*
- iii. *How do inclusive MNEs in a BoP context scale?*

2. THEORY

This part elaborates on the relationship between the main concepts of SME, MNE, BoP, inclusive business and scaling, thus answering the first sub question:

- i. *How are the main concepts related?*

As mentioned in the previous section, there are various definitions for the BoP used in the literature, which can lead to confusion (Kolk et al, 2014). This is why in this thesis a clear definition will be given. However, clear definitions are always good to scope the research subject and clarify what part is under discussion. Therefore, all five terms will be clearly (further) defined while explaining their relationship. Additionally, it describes and explains the theoretical framework that was used as a basis for the field research.

2.1 Definition and relationship between concepts

Currently, the global economy mainly evolves around developed countries all while western markets saturate (Prahalad and Hart, 2002). Consequently, a whole population of people reside in second and third world economies. There is continued awareness that business as we know it needs to change. Porter and Kramer (2011) for instance stated that “capitalism as we know it is under siege and needs to be reinvented”. Although especially for those who live in third world economies poverty alleviation methods have been set up, this consists mostly of charity and while certainly doing good, does not provide a long-term solution. The inclusive business model does in theory provide just that. An inclusive business is a commercially and socially viable for-profit business that has social impact by engaging people from the

BoP in its value chain, either as consumer, producer, distributor or supplier. (BoPInc, n.d.; London, 2008; Likoko and Kini, 2018) This way it attributes to the SDG of eradicating poverty by engaging the BoP in the formal global economy. This is a critical part of any wealth-generating and inclusive growth strategy to enable BoP households find their own route out of poverty (Hammond et al., 2007). The inclusive business (model) can thus be seen as a means of executing the BoP concept as a key claim of the BoP concept is that poverty can be alleviated through financially profitable activity. As a consequence, the definition of the BoP itself is a fundamental element of BoP research (Worldbank, 2018).

Literature on BoP initiatives is however often vague in its definitions, if providing a definition at all (Kolk et al., 2014), thus offering at least a partial explanation or refute for Karnani's (2007) critic that BoP initiatives are often not targeted at those in the BoP. After all, as long as it is not clear who is targeted, how can be measured whether the right people were involved and whether the initiative was successful? It makes generalisations difficult and questionable (Kolk et al., 2014). Some do mention numbers such as four billion (a.o. Prahalad and Hart, 2002; Hammond et al., 2007), but do not provide an explanation of how that number came to be. The clearest and most recent definition is that of the Worldbank (2018). The definition of the BoP that was used for this research is therefore those who live on less than \$5.50 a day, or less than \$2000 a year using the 2011 PPP. However, the BoP consists of multiple sub tiers (see Figure 1) and focus should not be on the absolute poorest, but on the billions above. Aid organisations can focus on the group for whom no viable solution is created yet, but both the billions of poor and business can benefit from the opportunities that can be derived from the collective purchasing power of the BoP using a market-based approach. Development has tended to focus on those with the lowest incomes, but the much larger segment of people in the BoP, with an income still well below any Western poverty line both deserves attention and is the appropriate focus of a market orientated approach, after all, it is the entire BoP and not just the very poor who constitute the low-income market. (Hammond et al., 2007; London, 2008) Therefore, the specific BoP target group consists of those in the two upper sub tiers with an income of \$3.20-\$5.50 a day, or \$1200-\$2000 a year.

Initially, the BoP concept coined by Prahalad and colleagues in 1998 was an employ for MNEs. Kolk et al. (2014) however, concluded that mostly SMEs have since then adopted the business model and a close examination of the characteristics of the initiators of BOP initiatives could shed light on the differences between MNE-led and locally-led BoP initiatives. Next to the fact that MNEs usually have more financial capacity, they have fundamentally structural

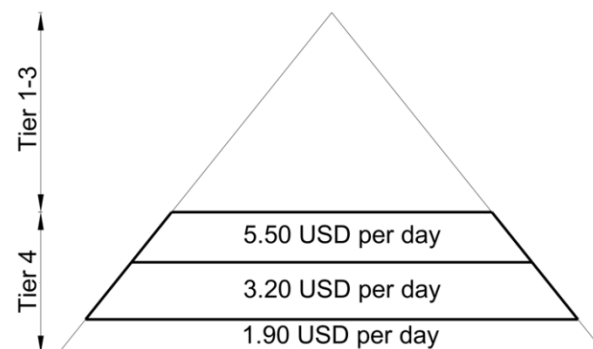


Figure 1. Depiction of the fourth BoP tier of the conomical pyramid, with a focus on the two upper sub tiers.

differences, which naturally leads to different business approaches. SMEs have up to 250 employees, while MNEs have by default 250 or more employees *and* are multinational (Global Reporting Initiative, 2020; Aguilar-Fernández and Otegi-Olaso, 2018).

Businesses with 250 or more employees are categorised as large firms which is important as characteristics of those firms greatly differ from the Small and Medium Sized Enterprises. SMEs are for example characterised by a horizontal, centralised organisation structure with a low level of formalisation and as flexible, having shorter lines of communication and more varied and less routine work, while large enterprises are characterized by a usually vertical, decentralised organisation structure with a high level of formalisation and as static, having more specialised and also more routine jobs (Robbins and Barnwell 2006). Moreover, MNEs and SMEs particularly shape development (Van Tulder&Da Rosa, 2014) All valid reasons to research the differences between the two in a BoP context.

As already mentioned in the previous section, scaling is necessary for these businesses to be successful and to be able to truly meet the needs of billions of people (Bocken et al., 2016). These authors defined scaling as ‘increasing the number of customers of a business as well as expanding its offer and maximising its revenues until it reaches millions of people’. This is also the definition used for the purpose of this thesis as it is quantifiable, which makes it measurable. Moreover, this definition also fits well with the research aim for looking both at MNEs and SMEs. This definition describes the whole journey of increasing the customer and product base with only a few to many and consequently reaching millions of people while maximising revenue. Therefore, SMEs would fall under that definition as well, not just large enterprises. Lastly, based upon this definition Bocken et al. constructed a research which was concluded with a theoretical framework that was also used as a basis for this research.

A business growth framework was used to further define where the sample businesses are in their growth or scaling process.

Concretely, the MNEs have to have reached Success stage, otherwise known as maturity, having the advantage of size, financial resources, and managerial talent, but also being more bureaucratic and formal. Thus, corresponding with the characteristics of large enterprises. SMEs have to have reached at least the Survival stage of the business growth framework where the company has proven to be economically viable, employee roles are usually more defined and growth strategies are applied to expand even further. (Lester, Parnell, & Carraher, 2003) This framework was chosen as it includes both SMEs and MNEs, thus making comparison easier, and because it describes the organizational lifecycle path business can take in their scaling process. The latter is important as all SMEs have indicated that they want to grow, thus leaving the figurative door open to become an MNE.

An overview of the definitions of the main concepts can be found in Table 1.

2.2 Theoretical framework

In the article by Bocken, Fil and Prabhu (2016) they investigated scaling of social businesses in developing markets. Social businesses were studied along the entire hybrid spectrum according to social enterprise typology by Alter (2007). The hybrid spectrum consists of hybrid organisations that range from non-profits with income generating activities, social enterprises and socially

responsible businesses, to corporations practising social responsibility. As a basis for their research, they used a theoretical framework based upon the growth matrix by Ansoff (1988). The growth matrix was designed for traditional for-profits and consists of four strategies they can use to grow: market penetration, market development, product development and diversification. While this model was developed with traditional for-profits in mind and some of the strategies might not be suitable for social businesses, it is more suitable than scaling strategies for non-profit organisations as these do not focus on generating income. That however, is crucial to social businesses and lack of access to financial capital can be a limiting element to scaling-up (Alter, 2007; Bocken, 2015). Therefore, the growth strategies by Ansoff (1988) were found applicable. Bocken et al. developed a hierarchical framework divided over three tiers. The first tier contained the three aims of scaling a social business, namely ‘increasing the number of customers’, ‘expanding the service/offer’ and ‘increasing income generated’.

The first two aims were derived from the scaling definition they used (“Increasing the number of customers of a business as well as expanding its offer and maximising its revenues until it reaches millions of people”) and the latter was added because generating profits is key to inclusive or social businesses. The second tier consisted of the four scaling methods by Ansoff (1988), called ‘Growth Vector Components’.

Table 1. Definitions of main concepts.

Key concepts	
Base of the Pyramid (BoP)	Refers to the bottom tier of the economical pyramid and consists of those that live on less than \$5.50 a day, according to the 2011 PPP (Prahalad and Hart, 2002; Prahalad and Hammond, 2004; Worldbank, 2018).
Inclusive business	A commercially and socially viable for-profit business that has social impact by engaging people from the BoP in its value chain, either as consumer, producer, distributor or supplier. (BoPInc, n.d.; London, 2008; Likoko and Kini, 2018)
Scaling	Increasing the number of customers of a business as well as expanding its offer and maximising its revenues until it reaches millions of people (Bocken et al., 2016).
Small and Medium sized Enterprise (SME)	Employees<250 (Global Reporting Initiative, 2020; Aguilar-Fernández and Otegi-Olaso, 2018).
Multinational Enterprise (MNE)	Employees≥250 AND multinational (Global Reporting Initiative, 2020; Aguilar-Fernández and Otegi-Olaso, 2018).

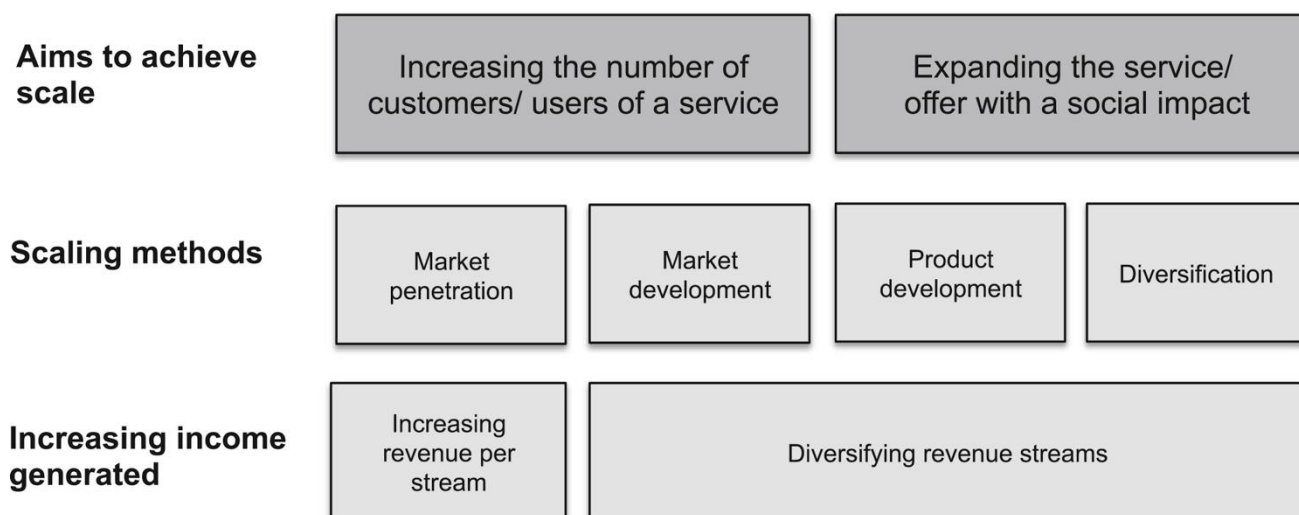


Figure 2. Framework developed for scaling up social businesses. Reprinted from "Scaling up social businesses in developing markets, by Bocken, N.M.P., Fil, A. & Prabhu, J., 2016, Journal of Cleaner Production, 139, p. 306.

The third tier involved actions to achieve scale, within the different scaling methods. Next, they tested this framework against three social business cases. Besides analysing each separate case, including scaling timelines, they also performed a cross-case analysis.

The results of their research showed differences for social businesses compared to ordinary for profits. They found that, as generating income is crucial for social businesses, these firms also make use of scaling methods related to this aim: increasing income per revenue stream and diversifying revenue streams. Moreover, they were viewed as the important outcomes that sustain a social business.

Based on these results, they compiled a new theoretical framework for scaling up social businesses (see Figure 2).

Next to the fact that generating income was replaced to where the key feature of social businesses of generating profits is emphasized, the aim of expanding the service/offer has been changed into 'expanding the service/offer with social impact'. Social businesses can share the characteristics of inclusive business (social impact and profitable), it depends on where on the spectrum by Alter (2007) the business is situated. Therefore, the assumption is that an inclusive business is always a social business, but a social business not always an inclusive business. This is important as the before mentioned framework established for (all kinds of) social businesses was used as a basis for the scaling overviews in this thesis.

However, as one of the observations made by Bocken et al. (2016) was that increasing the income generated/profit is not an aim in itself, but rather the means to sustain the social business economically, this has been added to the way the results are visualised. This data visualisation also includes timelines. First out of necessity, due to lack of information on some of the MNEs, another approach to show the data had to be created and fortunately a way was found to combine the two different data displays as used in the paper by Bocken et al. (2016). See Tables 2-7 in Appendices 9.4-9.9.

A reason to use this framework as a basis was that it has been tested against the business cases of Bocken et al. (2016).

Thus, this framework is suitable to start with for this research, especially since there is no comparable framework yet, due to the research gap. Moreover, this framework provides a clear link between scaling methods and scaling actions to fulfil the aims, which makes it practical. The interview questions and structure were therefore based on this framework.

As touched upon in the introduction, there is also a study by Bloom and Chatterji (2009) where seven organisational

drivers are described that can stimulate successful scaling of social entrepreneurial impact.

While these organisational drivers of staffing, communicating, alliance building, lobbying, earnings generation, replicating and stimulating market forces (SCALERS) are certainly useful, it more provides elements of an organisation that can have influence on scaling social impact and have to be considered, whereas Bocken et al. (2016) provided a framework with scaling strategies that can be incorporated into a business plan for inclusive businesses. Moreover, many of the elements mentioned by Bloom and Chatterji (2009), are included or implied in the framework by Bocken et al. (2016). Thus, this framework provides a more complete set of tools to set up this research. In the next subsections the separate elements of the framework will be discussed.

2.2.1 Market penetration

Ansoff (1988) describes this as a growth direction through the increase of market share for the present product-markets. Bocken et al. (2016) add to that description to get the customer to increase his level or frequency of purchase, move the customer away from competitors and convincing potential clients. Market penetration can be measured in market share or market saturation rates, where the first one is the best option to describe the current situation (the fraction of total sales in a particular market) and the latter is best used as a tool to describe the average year-to-year variations. These penetration rates measure the extent to which a given technology or practice has entered a given market. They are useful indicators of a technology's (or product's/service's) commercialization status (Karthi et al., 2005). Examples of actions to achieve scale using the market penetration strategy are: replication and diffusion of the business model on other locations or with other companies, increasing operations and driving demand by anticipating on peoples' needs.

2.2.2 Market development

In market development new missions are sought for the firm's products. (Ansoff, 1988) Either by increasing sales by introducing current products to a new market, or by developing new market segments with focused products, using new distribution networks or other communication channels. (Bocken et al., 2016) According to Kohne (2019),

market cultivation as part of business development also increases the overall product success.

Examples of actions to achieve scale using the market development strategy are: geographical expansion, partnerships, new customer markets, umbrella-brand marketing and community outreach by using for instance partnerships.

2.2.3 *Product development*

In 1988 Ansoff described product development as creating new products to replace current ones. A more recent and extensive definition by Bocken et al. (2016) states that the goal is increasing sales by launching new products on current markets. A company can modify a product, create several versions, or develop new models and sizes. According to TechTarget developing a new product is related to market share as the objective of product development is to cultivate, maintain and increase market share by satisfying a customer demand.

Examples of actions to achieve scale using the product development strategy are: continuous improvement, incremental or radical improvements and the use of (innovative) technology to improve the product. In other words, modifying the existing product or service.

2.2.4 *Diversification*

Out of the four strategies by Ansoff (1988) this is the riskiest strategy since both product and market development are required (Bocken et al., 2016). Firms diversify when their objectives can no longer be met within the scope of the present portfolio.

Diversification is distinctive in the fact that both products and missions are new to the firm. (Ansoff, 1988)

Examples of actions to achieve scale using the diversification strategy are: new activities, products and/or services, horizontal diversification, where the same customers are satisfied, and conglomerate diversification, where the business moves into businesses which are not related to the firm's present businesses, either through technology or market needs (Ansoff, 1988). One could think of acquisitions to achieve this, which is also mentioned by the OECD (2018) as a possible factor to help achieve scaling for SMEs.

2.2.5 *Increasing income per revenue stream*

This strategy is of course mostly related to the aim to increase income generated. Scale cannot only be measured by the impact on people, but also in terms of income generated (Bocken et al., 2016). Increasing income can amongst other be achieved by cost reductions. Examples of actions to do so are: increasing productivity, in case the business model is based on mass production as this reduces costs per item made, or efficiency of organisation.

2.2.6 *Diversifying revenue streams*

Same as the strategy in the previous section, this one was added to the framework to stress the importance of financial capital. Examples of actions an inclusive business could take to achieve scale by diversifying revenue streams are: diversifying sources of grants, the use of for instance different microloan strategies for different levels of poverty and developing multiple customer streams (e.g. manufacturing inhouse and not only using that product for own end product/service, but also sell the part or product to other customers).

3. METHODOLOGY

The objective of this paper is to gain a deeper understanding of the differences in scaling between inclusive SMEs and MNEs in a BoP context. To achieve this, empirical evidence was gathered through an exploratory comparative study as the research was conducted with a desire for better understanding and to develop a method to be employed in any subsequent study, or in this case for practical use as well. Thus, the research method is qualitative. The outline was to solely gather primary data. Unfortunately, due to constraints caused by the current COVID-19 crisis, gathering of secondary data was necessary as well. The primary data was gathered through in-depth semi-structured interviews with informants in prime position to answer the questions. Furthermore, two expert-interviews were conducted to provide an external perspective. In the next sections, case companies, data collection and data analysis will be discussed.

3.1 *Sample selection*

The subjects of this study are inclusive SMEs and MNEs that operate in a BoP context. The definitions of SME and MNE, as previously discussed, were the basis of the sample selection. Thus, meaning that the SMEs had to have up to 250 employees and the MNEs 250 employees or more *and* being multinational. The MNEs were also selected on the ground of sufficient secondary data available, for reasons explained below. Furthermore, all businesses were selected on the basis of (1) having achieved scale in line with the definition of scale by Bocken et al. (2016), (2) having an inclusive business model, meaning, being a for-profit, while also having social impact and (3) having people from the BoP in their value chain as producer, supplier, distributor or consumer, thus making use of theoretical sampling (Babbie, 2013). The requirement of having achieved scale is important because to be able to answer the research questions, analysis has to be done in retrospect. This is so that an analysis of key events and strategies can be made (Bocken et al., 2016). Or in other words, to better understand how these types of businesses scale and what the differences are, the businesses have to have achieved scale to be able to say something about their scaling processes.

Since it is a comparative study, the preference was an equal number of SMEs and MNEs. Based on all these requirements, businesses were selected. Largely, they were connected with BoP Innovation Center, Social Enterprise NL and B Corporation. They were contacted by email, contact form and/or phone. For the SMEs, this resulted in three inclusive businesses that were willing to participate. Unfortunately, this was not the same for the MNEs. Even after extensive and repeated contact through the means as stated above, and use of network through LinkedIn, either there were no responses or negative responses. The latter stating that they did not cooperate with any such requests as they get an excessive amount of requests and that there simply was not enough time for any of the employees due to busy schedules which are even more stressed due to the COVID-19 crisis. Therefore, three MNEs were selected where enough secondary data is available from to provide a sufficient comparison with the inclusive SMEs. One of those MNEs was recommended by a relation and the expert, I was directed to through my network, thus making use of convenience sampling (Bryman, 2012; Babbie, 2013).

Table 2. Summary sample businesses.

SME/MNE	Creation	Business	BoP	Scale (# employees)	Income
SME A	2012 The Netherlands	Coffee beans and coffee attributes	Suppliers	3	€1.7 million revenue
SME B	2013 The Netherlands	Natural detergents and cosmetics	Suppliers/ Producers	15 permanent, 15 flex fte's	€3.08 million revenue
SME C	2016 US	Water filters, food packaging and PPE	Consumers/ Distributors	22	Indirect, not shared
MNE A - doTerra	2008 US	Essential oils	Suppliers	3200	Indirect, market leader in a 7 billion dollar market (2019)
MNE B - Barry Callebaut	1996 Switzerland	Chocolate	Suppliers	12,335	\$7.5 billion operating revenue
MNE C - OLVEA	1929 France	Cosmetics	Producers	286	\$150 million sales turnover

3.2 Data collection

Having established the research method as qualitative and the study exploratory, the most suitable research strategy is case study as an in-depth study of a particular case can yield explanatory insights and are thus suited for an exploratory study (Yin, 1994; Babbie, 2013).

Furthermore, how and why questions of how certain (social) phenomena work, are particularly suited to investigate through case study research (Yin, 2013). As two of the three main research questions are *how* inclusive SMEs and MNEs in a BoP context scale, this is particularly fitting. And lastly, multiple case studies enable within-case analysis and a cross-case analysis of findings to gain a deep understanding of the cases and to identify common patterns across the cases (Eisenhardt, 1989; Yin, 2013). Within the case studies related to the SMEs, semi-structured interviews were conducted, as these are an effective method to collect qualitative, open-ended data, explore participant thoughts, feelings and beliefs about a particular topic, delve deeply into sometimes sensitive issues and to have the flexibility to alter the order of questions and to ask additional questions (Bryman, 2012; DeJonckheere&Vaughn, 2019). The interviews lasted between 55 and 80 minutes and were held with key informants. Beforehand, interviewees were asked to sign an informed consent form, which can be found in Appendix 9.1. A short summary of the sample businesses can be found in Table 2.

To improve construct validity (establishing correct operational measures (Yin, 2003)), several actions were taken. Corresponding with establishing correct operational measures, the interview questions were structured according to the theoretical framework and based upon questions asked in the questionnaire by Bocken et al. (2016), which has been proven effective and from which flowed the theoretical framework that is also used in this study. Furthermore, triangulation was used because this contributes to verification and validation of qualitative analysis, by combining multiple qualitative methods, mixing purposeful samples and including multiple perspectives, thus to test for consistency (Patton, 1999). In this thesis, in particular triangulation of sources and triangulation of perspective were used. In the case of the SMEs the semi-structured interviews were the main source of (primary) data. However, for both SMEs and MNEs, websites of the different businesses and annual reports (if available)

were also sources. Triangulation of perspective for both was obtained by an interview with an external expert.

To enhance the external validity, establishing the domain to which findings can be generalized (Yin, 2003), multiple SMEs have been interviewed and multiple MNEs have been studied. However, the fact that in-depth interviews with MNEs was not possible, this is of course a limitation of the external validity of the research.

To improve reliability, by increasing the repeatability of the results (Yin, 2003), interview templates have been developed. Thus, all SMEs were asked the same (prepared) questions. The information gathered for the MNEs followed the same structure, which for both types revolved around the main concepts of the theoretical framework: (1) aims to achieve scale; (2) scaling methods and (3) income generation and other areas of interest such as (4) general information and (5) barriers and successes. The interview template can be found in appendix 9.2.

3.3 Data analysis

During the interviews, notes were taken, and as all of the interviewees agreed to a tape-recording of the interview, those recordings have afterwards been transcribed as well. Both the expert, as well as all of the informants at the SMEs chose to stay anonymous. Thus, the SMEs were renamed as SME A, B and C to keep them apart. To create unanimity in this thesis, the MNEs were also processed accordingly. However, as only secondary data was used for the MNEs, the names of these companies were included behind respectively MNE A, B and C for readers to better be able to assess source quality, as no in-depth interviews with key informants could take place. An overview of the case companies and experts can be found in Tables 6 and 7 in Appendix 9.3.

To be able to link the data to the research question and the theoretical framework, the data was coded regarding the theoretical framework. Accordingly, the central concepts could be identified: aims to achieve scale, methods to achieve scale and income generated. Based on the research by Bocken et al. (2016), the concept of barriers and successes in scaling have been added as they are also part of the scaling process. Furthermore, questions have been asked regarding the timeline of the scaling methods and means of income generation. Afterwards, for each of the businesses the data

was visualized in a table in which a timeline is included and in which a classification of the methods using the theoretical framework is depicted. A similar way of work was used to analyse the secondary data. Only instead of interview answers, information publicly available has been used for concept coding and identification.

Using tables to display the data systematically and focused is essential logical analysis; amongst others, it allows comparisons, noticing patterns and trends, and observing differences (Miles & Huberman, 1994), thus corresponding with case study as research strategy. Moreover, both SMEs and MNEs were first cross-analysed separately, then the two types of businesses were cross-analysed. By analysing the data from the tables and timelines, it was possible to arrive at insightful results.

As one of the observations made by Bocken et al. (2016) was that increasing the income generated/profit is not an aim in itself, but rather the means to sustain the social business economically, this has been added to the way the results are visualised. This data visualisation also includes timelines. First out of necessity, due to lack of information on some of the MNEs, another approach to show the data had to be created and fortunately a way was found to combine the two different data displays as used in the paper by Bocken et al. (2016), as can be seen in Tables 8-13 in Appendices 9.4-9.9.

4. RESULTS

In this section key results are described, first of each SME individually and a SME cross-case analysis, then each MNE individually and an MNE cross-case analysis. These results present an overview of how these SMEs and MNEs have scaled. Lastly, to gain insight into how the scaling processes differ between the respective types of business, a cross-case analysis of SMEs and MNEs has been conducted. Thus, answering the following sub questions:

- ii. *How do inclusive SMEs in a BoP context scale?*
- iii. *How do inclusive MNEs in a BoP context scale?*

4.1 SMEs

All three selected SMEs have up to 250 employees. Furthermore, they were selected on the basis of (1) having achieved scale in line with the definition of scale by Bocken et al (2016) by being at least in the Survival stage of the business growth framework where the company has proven to be economically viable and growth strategies are applied to expand even more (Lester, Parnell, & Carraher, 2003), (2) having an inclusive business model, meaning being a for-profit, while also having social impact and (3) having people from the BoP in their value chain as producer, supplier, distributor or consumer.

4.1.1 SME A

SME A is a for-profit company based in the Netherlands that imports coffee beans from farmers in Rwanda, Ethiopia and Burundi for a fair price and resells those beans mostly B2B and to some extent B2C in the Netherlands, Belgium and Germany. The company was founded in 2012 after one of the co-founders brought back coffee from Ethiopia where he lived for a while. After that, he and his co-founder started SME A. From the beginning they wanted to incorporate social impact into their business model. They do this in various ways. First of all because they buy the beans for a fair price. Millions of

coffee farmers have to sell their beans at a loss. The coffee industry is very profitable and although it is a market of 200 billion USD, merely 10% of that amount stays within country of origin (Coffee Barometer, 2018). The natural consequence is poverty among many coffee farmers. Even a Fairtrade-label can still mean farmers are paid below cost price as the label only ensures a premium on top of the price. The eventual price can therefore still be lower than production costs. The end-consumer buys coffee for a price that would not be possible if coffee farmers were paid a real fair price. All the profit goes to other parties such as large producers (Coffee Barometer, 2018).

4.1.1.1 Inclusivity and poverty alleviation

At SME A they decided to do things differently. Besides the fair price, they also issue microcredits to coffee farmers and other locals to the area who are part of the BoP so they can build a life for themselves and their families. During the interview, the informant, one of the co-founders, told that they like to know where the money goes to. Thus, they use microcredits, which is interestingly another market-based poverty alleviation approach as means to accomplish social impact through their inclusive business model. This money comes from part of the sales profits. They partner with a local bank that issues the money locally and were able to negotiate a much lower interest rate that just covers the banks' costs, which is 6%, instead of the excessive interest rate (25%) the farmers would otherwise have had to pay to get a loan. The interest alone kept the farmers in a vicious circle because all it resulted in, was payment backlogs because the interest was such a large part of their income. Currently, their microcredits are on average €1000 per microcredit. The average income of a coffee farmer is around €50-100 per month, approximately €750 per year. They borrow more than a year's wages and with an interest rate of 25%, that is €250 in interest. With SME A the interest is only €60, still a large part of their income, but doable. However, when the farmer has paid off his loan and has harvested his crop, he still gets paid less than cost price.

By offering the coffee farmers a good price they want to tackle this side as well. Therefore, they want to issue more microcredits to the farmers where SME A buys the coffee from.

They started issuing microcredits in South-Africa as in the beginning they did not sell enough coffee to issue microcredits in the countries where their coffee comes from. They partnered with a foundation to be able to issue microcredits anyway and know where the money would go to. This was smart as at that time, alone, they were only able to issue credits of between €50-200. With this kind of money people would buy chickens and sell them again at their local market. According to the informant, the added value is low in this case. Even though the impact was not measured those first years in South Africa, they do think the microcredits have had some positive effect, despite a very low social impact as far as they could tell. This was also due to the small amounts of course as the smaller the amounts, the lower the impact.

As of 2015 however, they sold enough coffee to issue microcredits in Rwanda of sizable amounts. With on average microcredits of €1000, coffee farmers can buy new land and new coffee plants. The coffee plants yield harvest in 10-20 years; therefore, it is about investments that have to yield long-term returns. They want to issue microcredits to farmers who increase their production and thereby create a more durable investment. When asked how many people from the BoP are affected by their microcredits, the co-founder answered that around 10-15 people are directly impacted and up to 40-50 indirectly as the money affects the families of the

farmers and other people on the farm as well. Last year they issued their 100th microcredit, which means that approximately 1000-1500 people are directly affected and up to 4000-5000 indirectly. Next to an increase in income, the social impact extends to for instance health insurance for the whole family and kids who can go the university. The intention was to start issuing microcredits in Burundi last year as well, but due to COVID-19 they cannot travel and therefore delayed to this year.

They have to travel to Burundi themselves, as they are very careful in selecting the right local partner bank because they want to be sure the money they wire to them is spent properly. One of the barriers SME A faced is related to the banks due to sometimes difficult communication. For example, the banks did not understand at first that the amount of money they would transfer is dependent on SME A's sales as €1 per kilo of coffee sold goes to the microcredits. In general, there were no other barriers in Rwanda, no reports of fraud for instance. Burundi is more corrupt; thus, circumstances might be different over there.

4.1.1.2 Scale

To acquire the necessary funds for issuing microcredits they sell coffee beans, coffee machines and their maintenance products and they lease coffee machines B2B, complete with maintenance service. The latter is also a means of selling their coffee. They started with three varieties of coffee and sold approximately 500 kilos in their first year, 2012, to some dozens of people all over the Netherlands. The revenue then was a mere €10,000. Since then they have grown to 26,000 kilos of coffee sold and a revenue of €700,000. The prognosis at the beginning of the year was a growth rate of 30%, which was actually 60% in the first two months compared to last year, but due to COVID-19, they were uncertain as to whether they would reach the 30% last year. Forecast for 2020 was a revenue of €950,000 and coffee sales of 36,000 kilos, which in the end they did realise.

Given the significant increase in sales and revenue the business has proven to be (economically) viable and making use of growth strategies to grow even more. Therefore, it can be categorised as in the Survival stage of the business growth framework by Lester, Parnell, & Carraher (2003). What will help with scaling as well is that this year they plan to buy green coffee directly from the farmers and sell these beans to third parties. This way they have a bigger direct impact on the farmers as they pay them directly a fair price instead of buying already roasted coffee beans. Moreover, they can import more coffee at once, that is, a whole container per time, which is 19,000 kilos. This way they have more influence on the price, know exactly where their coffee beans come from and they are able to purchase more coffee beans. By doing this, they also diversify their revenue streams. Prognosis for 2021 is therefore 50,000 kilo of coffee (only roasted beans) and a revenue of €1,700,000. In three years' time they want to have €450,000 in microcredits issued. What is interesting is that this money is reinvested after loans are repaid. The time to repay them is two years, so by the end of that period it is €900,000. Because they keep investing in microcredits, this amount keeps increasing even further.

When asked whether they agree that the aims of SME A are to expand the number of customers, products/service, increase income generated and/or have a social impact, the co-founder responded in agreement. He added that all of the aims go together according to him. They want to have social impact, but they also want to provide good service. It is of no use to the customers if they have social impact, but do not provide a

good service to them. If SME A can grow, then their social impact can grow as well.

4.1.2 Scaling strategies and timeline

Currently they have approximately 400 direct clients and as 80% of them are businesses, many more people make use of their products and service through the coffee machines and accompanying beans. The other 20% is made of clients in the catering industry and individuals. Early on they focused on market penetration because their business becomes sustainable if larger volumes are sold. At first, they did this through diffusion of the model by cold calling in the very beginning and by using social media, Google AdWords campaigns and media attention. Since 2015/2016 word-of-mouth started to spread and clients came to them through their web shop and website instead of the other way around.

To develop new markets new customer markets were found in Belgium and Germany. Customers in Belgium are businesses and individuals and those in Germany are solely individuals. Foreign customers found SME A through its website. When asked why they think those customers preferred a foreign company over domestic ones, the informant mentioned that their assumption is that the coffee market in Belgium and Germany is far more conservative than in the Netherlands. Rephrased, the assumption is that the customers choose SME A consciously because of the impact it has, which was agreed to by the informant. By forming partnerships with local banks, SME A was able to distribute microcredits to farmers in Rwanda and expand that service. Furthermore, they are expanding microcredits to Burundi.

The product has been developed every now and then, incremental by changing the packaging and radical by import of their own coffee. Diversification took place by adding new products by increase of two coffee varieties, making a total of five varieties, and the sale of coffee machines. Diversification occurred by adding new services to their offer by means of lease of coffee machines with accompanying maintenance service. A service that is also offered with coffee machine that are purchased. The addition of coffee varieties and machine lease satisfied the same group of business customers. Therefore, horizontal diversification took place, especially because the quest for machine lease came from them. Since the start of this service in 2018, it has been a success. Furthermore, there is the very nearby upcoming diversification to the import and resale of green beans. To increase the generated income, this has been done by an increase in all revenue streams through an increase in customers and therefore an increase in sales. This means overall an increase in productivity as the growth was handled with no significant increase in employees (this went from two to three). Diversifying revenue streams took place by setting up sale and lease of coffee and coffee machines (and maintenance) for business customers, catering industry and individuals. Furthermore, there is the nearby sale of green beans to roasters, thus developing another customer stream. When asked whether there are any success factors in scaling that have not been mentioned yet, the co-founder mentioned that some businesses make use of investment money and thus grow exponentially in a relatively short amount of time, but that they consciously chose to grow steadily and therefore more durable. An overview of SME A's scaling strategies can be found in Table 8 in Appendix 9.4.

4.1.3 SME B

SME B is a for-profit based in the Netherlands that produces natural detergents and cosmetics. The main ingredient for their products is supplied by people from the BoP in the Himalayan area of Nepal and India. The company was founded in 2013 after the two founders saw a documentary on the working of the main ingredient, namely, the shells of a local fruit providing the same working as chemical detergents when they come into contact with water. Since the start they wanted to provide a good, natural cleaning product to the customers as well as improve circumstances for the farmers. In their own words, they strive to less inequality, lower poverty levels and stronger communities. Next to this, they also strive to make 'green' impact and reduce their carbon footprint as much as possible. They do this by using as much natural raw materials as possible. Consequently, 99% of the ingredients are natural and they are working on making that 100%. Furthermore, they use recycled plastic for packaging and sustainable bio fuels for shipment. Moreover, by buying from these farmers, they make it profitable to farm the trees concerned and therefore more trees are planted that absorb CO₂.

4.1.3.1 Inclusivity and poverty alleviation

Social impact is acquired by paying a fair price to the farmers, thereby providing 80 to 90 year wages, that indirectly impact the farmers' families as well. Furthermore, SME B provides training to the farmers how to generate income the rest of the year as the revenue of the harvest of the fruit extends to only three months a year. They also bring in more buyers. At SME B, they realise that they are in a market with big players and that they are relatively small whereby the impact they make is also relative. The key-informant, the impact manager, provided the example that were a multinational to reduce 30% of virgin plastics to recycled, this would have more impact than their use of recycled plastic for everything. But they constantly want to improve things and come up with new ideas to do so.

When mentioned that every small step helps and this way they have a durable solution to help lift people from the BoP out of poverty and a chance for the next generation to develop as well, by including them in the global economy instead of providing a short-term solution that keeps them in the same vicious circle, the informant said that this is exactly what they strive to. He said that you can help people the best by giving them a future and work on that and to make sure that they are not dependent on donations or even on only SME B. Therefore, they make sure that there are more buyers for the fruit so that they have more financial stability. Furthermore, he mentioned that while NGOs certainly do good as well, they work in a completely different way and will always be relying on funds. For them, the balance between having a sustainable, social impact and having a healthy, profitable business is very important. Not only with regard to impact, but to their products as well. They believe in their products, but the margins have to be healthy as well to be able to run the business. They cannot rely on the fact that they are sustainable, especially because they sell a premium product. From the beginning however, both founders were intrinsically motivated to be a social enterprise. Since 2019 SME B is also officially listed as a B Corp(oration). B Corps are part of a global network of businesses that 'use businesses as a force for good' and are only certified as such after an intensive impact assessment that measures a company's entire social and environmental performance (B Corp, 2021a; B Corp, 2021b).

They implemented their current administrative system in 2016, therefore certain information is lost from before that time. However, in 2016 their business activities provided 30 year wages and due to an outsourcing development that number was tripled in 2020. Previously they prepared the shells for the liquid detergent themselves in The Hague, but now that process is done in Nepal and India (Himalaya region), dry-frozen and shipped to the Netherlands where it is mixed. They do pay more per kilo now. Due to the nature of their social impact, the impact has been the same as after the first year, only the numbers have scaled. Unfortunately, due to Covid-19 this number decreased to around 18 people socially impacted as deliveries could not be made and one of the factories permanently closed. They did pay upfront where possible, but had to temporarily move their business to another factory in China's Himalayan area. In the beginning it was really about fair products for fair prices. Both founders are intrinsically motivated to have a social enterprise. Since 2019 SME B is also officially listed as a B Corp(oration). B Corps are part of a global network of businesses that are only certified as such after an intensive impact assessment that measures a company's entire social and environmental performance (B Corp, 2021).

4.1.3.2 Scale

In 2013 SME B started off with just the two founders, now they have fifteen permanent employees and approximately fifteen from a social work facility who work depending on the work load. The key informant himself started in 2016 as the first real employee, other than the founders. While his focus was on logistics and finance, he did what was necessary and fulfilled therefore many roles as it was still a start-up five years ago. However, since then the company has scaled quite a bit and the informant is now able to spend almost all his time on impact, which runs from certifications, impact at the office and to impact throughout the entire supply chain. This has always been important, but gradually more time was available to dedicate his time to impact, with him now even being the impact manager.

The informant cannot be sure about sales in the years 2013-2015 due to the fact that they only have had their current administrative system since 2016. For the first year he is not sure they sold anything at all. In 2016 however, their revenue was €324,000 with sales volumes of 97,654 products. Around this time SME B really started to grow. In 2019 revenue was €2.1 million with sales volumes of 620,693. In 2020 the revenue even increased to €3.08 million with sales volumes of almost 1.25 million. In those years they increased the number of products from three to nineteen. Those products are now available in 4500 shops in the Netherlands, Belgium and Germany, with the intention of scaling even more.

They did have to adjust their scaling plans due to Covid-19. The original plan was to truly scale internationally earlier on in 2020. That was on hold. As new business was not that much of an option the first half year of 2020, they wanted to focus on their existing sales as they were exceedingly good. They worked on finding a couple of large parties and joined them. Moreover, in the Netherlands it was important for them to keep their current distributors satisfied and scale their current business by becoming more visible and known. Long-term goal is still to find new business abroad. At the beginning of 2021 they launched their German campaign as their products are now also widely available over there.

Given the significant increase in sales and revenue the business has proven to be (economically) viable, plus the fact that employee roles have been defined and that SME B makes

use of growth strategies to grow even more, it can therefore be categorised as in the Survival stage of the business growth framework by Lester, Parnell, & Carraher (2003). More on those growth strategies in the next section.

4.1.3.3 *Scaling strategies and timeline*

SME B started to grow in 2016 once they were able to distribute their products via a hip and nice-looking supermarket chain, that's primarily based in Amsterdam and The Hague with about 20 shops. The same year their products were also on the shelves of bio- and fairtrade stores. Before that they only sold very locally in small amounts. In 2017 a supermarket chain in the Netherlands with the largest market share (Schelfaut, 2020), was added to the list of distributors. Another key action that led to scaling was listening to the needs of SME B's target group. When SME B started, they only sold detergents in the shape of shells, which are as effective as a liquid detergent, but were also nonetheless strange to the Dutch audience. Therefore, in 2015 they created a liquid detergent from those shells, easier to be embraced by their end consumers. This radical product development paid off with nationwide distribution. Another radical improvement was the packaging of the liquid detergent bottles that was changed from cardboard to recycled plastic per request of large super market chain. By continuously improving the formulas, they also make use of continuous improvement. SME B used innovative technology as well when their chemical partner was able to create an all-natural fabric softener and after that, other types of detergents.

End of 2016 parts of Belgium and a little over a year after that, Germany, were added to their geographical distribution circle. In Germany they fully launched their campaign end of 2020 after adding a large drugstore to their portfolio. This almost doubled the number of stores where SME B's products are available from 2500 to 4500. In 2021 they also added another Dutch supermarket to their portfolio, with 250 shops across the country. By expanding the number of distributors, domestic and foreign, they make use of the market development strategy.

The addition of new products over the years means they used product development as strategy. They diversified by entering the cosmetics market with hand soap. With this they also drove demand (market penetration) as this was right before the Covid-19 crisis that increased the demand tenfold within a year. Another diversification method are products unique to the distributor.

SME B diffused its business model in the Netherlands and abroad, amongst others by focussing more on marketing as of 2017. Especially around new product launches, much marketing attention is involved. With all the new products and customer demand, they increased operations.

All of the above mentioned led to an increase in revenue, next to efficiency of organisation with the arrival of (new) employees that could focus on their own expertise within the company.

They diversify revenue streams with for instance a partnership with a Dutch lottery that buys complete packages from them with products unique to them.

This is also partly market penetration strategy as more people learn about SME B and its products and thereby diffuse the model.

When asked whether they agree that the aims of SME B are to expand the number of customers, products/service, increase income generated and/or have a social impact, the impact manager responded in agreement.

And when asked whether there are any success factors in scaling that have not been mentioned yet, the impact manager stated that it is very important to keep the customer satisfied, so they always deliver, which is an improvement compared to the competition. Furthermore, their bottles have a unique design that stands out from all other detergents, so brand positioning is very important as well.

Barriers they encountered were mostly knowledge related, for instance in departments such as chemicals and logistics which made time sometimes inefficient.

Interestingly the key informant mentions that they did not want to scale too much, too fast but only in a way that was doable with such a young team of people. Older, experienced people are simply too expensive. An overview of SME B's scaling strategies can be found in Table 9 in Appendix 9.5.

4.1.4 *SME C*

SME C is a US based material science company that designs materials and then works with corporate partners to make these into functional products or to elements of functional products. It has its roots in a PhD in chemistry of one of the founders. Both founders have a background in research. Originally started as a non-profit founded in 2013, before it was turned into a for profit in 2016 as they did not want to rely on (only) funding anymore as that was hard to come by.

This is very interesting as they moved to the inclusive business model in order to actually be viable and survive.

The social impact of SME C is twofold. First of all they provide a cheap solution for clean drinking water to consumers in the BoP and secondly they use people from the BoP as distributors for this product. Around the globe 2.1 billion people still drink fecally-contaminated water which makes them ill at the least. Mainstream bottled water, which is safe, is too expensive for this group. SME C wanted to change this. The idea of making cheap clean water was sparked during the chemistry study of one of the founders and further researched during her PhD, during which an actual unique solution was found which was the basis for this inclusive business.

4.1.4.1 *Inclusivity and poverty alleviation*

They make use of a very innovative technology, namely a material that kills bacteria and viruses and filters out dirt and larger parasites. This they can apply as a layer on multiple objects. Its first product was a paper filter that can be used as a water filter. Its consumers are people from the BoP, in specific the working poor as they call them. This group consists exactly of those that are targeted in this thesis: the two upper sub tiers of the economical pyramid with an income of \$3.20-\$5.50 a day. They group below that is described by them as 'humanitarian'.

They use the razor-razor blade model to sell these water filters. They sell the necessary, but durable plastic funnel at cost price, only the water filters are sold at a profit. The model relies on mass production to be profitable. One filter costs only 20 dollar cents and provides 20L of safe drinking water. With this filter BoP consumers have agency over their own access to safe drinking water and will stay healthy on the score of drinking water. Thus, this can contribute to the ability to work and a stable income. SME C not only contributes to the SDG of safe drinking water, but also that of eradicating poverty. Moreover, it uses amongst others (local) businesses for production and local people as distributors to sell the filters door to door. This not only provides jobs, but the latter was also used to familiarise consumers by local people that have tried and tested the filter.

When asked whether there were any other aims as well, the key informant mentioned that they also have an environmental impact with the water filters. Normally the water would be boiled with either wood or gas. Using the filters saves using those resources. Furthermore, the paper that is used as a basis for their products is reusable.

4.1.4.2 Scale

In 2016 they started with the two co-founders, one product and in one country, Bangladesh. In 2018 the key informant was brought on as engineer and was last year promoted to director of engineering as they started to hire more people. At the beginning of the year they were with 25 employees. Unfortunately, they had to scale down a bit again due to Covid-19 that caused a decrease in income. Now they are with 8 people in the US, plus 7 interns and 7 employees in Bangladesh, all with their own skillset so the jobs are more outlined.

With the door to door sales they sold about 100-150 filters a week in Bangladesh. This stayed pretty much the same during the first years as they still developed the product. With the deployment of more distributors, they doubled this amount within a year and sold about 200-300 in 2019. The key informant mentioned that they first wanted to get the product right and only then scale faster. First in Bangladesh, then across the border.

The expectation last year was that they would be selling into tens of thousands by now and have scaled the water business to multiple countries in South-East Asia. They did sell some filters in Nepal in 2020, but again, due to Covid-19 this is all put on hold due to consequential difficulties such as full lockdowns. As the retailers cannot open their stores, they cannot sell the product. Moreover, people now tend to spend their money on PPE and hygiene products instead of water filters. Sales have all in all plummeted with 90% in 2021. They have enough funding received the last few years to last at least a year and a half like this and have in the meantime improved the product even further.

On the other hand, they saw Covid-19 also as an opportunity for them to enter the PPE market. In 2020 they started to develop Personal Protection Equipment (PPE), such as face masks with their special coating. They were already aware that this could be successful due to their special anti-viral material. However due to US regulations, that made sure that for instance hospital bank cycles lasted a long time before they could respond to offers of other businesses, they were slowed down in doing so. Fortunately, this eased due to Covid-19. After they had started to produce the masks, they were again slowed down in selling the masks due to US regulations. This time due to the fact that they wanted to sell them as anti-viral and anti-bacterial masks, but regulations prohibited them to do so. They can only call them anti-bacterial. They are now in the process to the selling them in the US after all later in 2021.

They did however expand to Brazil, Mexico, Vietnam with the anti-viral face masks. Furthermore, they also sell these now in Bangladesh. Target group for the masks is the middle class. Despite the horrors of the pandemic, it was also an opportunity for SME C to grow.

Next to the face masks, they also entered the food packaging market as they partnered with a Fortune 500 company for microwave packaging with their material. Both branches are very promising for the next few years at the very least and are expected to be the profit drivers. Despite the fact that focus is has been on these products, they did learn from their experiences and this they take with them to the water

business. They are now for instance better at qualifying partners.

The first few years all income went straight into the business and development. They started to have net positive revenue the final quarter of 2019. This coincides with the increase in sales and its sales model. SME C chose not to release exact revenue and sales numbers, current and past. Given the fact though that they entered two other profitable markets by amongst others taking on a Fortune 500 company, the geographical expansion and that they have enough cash flow to last a year and a half, it is safe to say they are profitable.

One of the biggest things for SME C is to avoid capital expenditures. Paper mills and paper coating locations have massive 5 – 10 m tall structures machines inside of them which cost a couple of million dollars. Therefore, these businesses always need to be operating to be viable. This makes it is very easy for them to use contracted manufacturers. This also avoids them having to buy these machines and only pay a couple of thousand dollars to get a ton of coated material in the work of half an hour to an hour. It is very easy to get many materials from them as they are designed to make multiple cargo container loads per day.

The scaling plans for the next three years are expanding the PPE and food packaging business and expanding the food packaging business. Moreover, SME C expects the water business to get back on track within the next two years. Geographical scaling plans include therefore at least Nepal, Indonesia, Malaysia, India and perhaps the Philippines. The reason they want to scale in South-East Asia is that it provides them with a 100 million plus market population. Because of the business model it does not make sense for them to build a supply chain to places that do not have tens of millions possible consumers.

The key informant mentioned scaling as one of the key things that why the business plan works. So mass production at little cost and mass sales.

Given the significant increase in sales and diversification, plus the expansion to multiple countries, the business has proven to be (economically) viable, plus the fact that employee roles have been defined and that SME B makes use of growth strategies to grow even more, it can therefore be categorised as in the Survival stage of the business growth framework by Lester, Parnell, & Carraher (2003).

4.1.4.3 Scaling strategies and timeline

In 2016 they started with door to door sales to familiarise people with the product by local people. The use of local people as such is community outreach, a form of market development. To structure this properly, they opened a local office in Bangladesh as well.

The first few years they focussed on product development, first that of the water filters and later on the PPE. They want to make sure they sell a good and safe product, they have to have people to trust their products.

Once they had the product right, SME C concentrated on market penetration due to its business model, the larger the volumes produced, the more profitable it will be. What is interesting is that they used the diffusion of the model and community outreach (door to door sales) in the early years not only to achieve market penetration and development, but also as a sounding board for their product and development of it.

Over the years they received funding from multiple sources, varying in sizes from 100,000 dollars to 750,000 dollars. A notable source is for instance Unilever Bangladesh, with which they entered a partnership in 2018. This brought them not only financial capital, but also knowledge and experience.

Furthermore, they received for instance a grant in 2019 dedicated to scaling in Bangladesh.

In 2020 they made the first sales of water filters in Nepal with people from BRAC, one of the largest NGOs in the world (Bocken et. al, 2016), therefore entering a partnership with a business that has an existing customer base for market development.

The same year they started to produce PPE. This was not only a new product, making use of incremental innovation as it was an existing product combined with an existing technology, but it also drove demand. First because there was a demand for it, secondly, the market exploded due to Covid-19. As it is used on a known product, it is easier to produce, but due to Covid-19 the materials to do so were also hard to come by.

They further diversified with food packaging. Both the PPE and food packaging tap into new consumer markets, which classifies these diversifications as conglomerate diversification.

SME C has increased the revenue per stream through an increase in productivity by partnering with new businesses that can produce the materials on a very large scale and thus cause a cost reduction. One such example is the partnership with a US industrial steel coater in 2020 that produces on a very large scale. They also made use of efficiency of organisation by hiring more employees for their specific skillset and to be able to distribute tasks.

They diversified revenue streams with the grants and the addition of two other customer streams originating from the PPE and food packaging products in 2020.

When asked whether they agree that the aims of SME C are to expand the number of customers, products/service, increase income generated and/or have a social impact, the key informant responded in agreement.

When asked about success factors the key informant mentioned two things. First of all, it is key to have it very clear what it is they offer their consumers. One of the biggest strengths of SME C is saying no to things. When you say 'yes' to something, you have to say 'no' to everything else. They want to do very well what they do and play their strengths with the unique material (research). Secondly, they are fortunate that people like working for them, having meaningful work. That has made it easier for them to get talent on board. The background varies from research to business. Through the second co-founder, who is a Colombia University alumnus, they have a partnership which enables them to also "lend" people with (tens of) years of experience in for instance the paper industry. These people also bring in their vast network of people and businesses. This has already introduced SME C to large multinational companies. The key informant mentioned that SME C also makes very good use of its own network which led them to amongst others paper contacts, so the base material of its products.

Other barriers SME C encountered are finding the right mind set in employees. Not only do they have to have the right (academic) skillset, they also have to be able to feel comfortable with working for a (very) small company where things are more dynamic than in a large company.

An overview of SME C's scaling strategies can be found in Table 10 in Appendix 9.6.

4.1.5 Cross-case analysis SMEs

In Table 3 an overview of the SMEs superimposed scaling methods and actions over the years is shown. Together with the data depicted in Figure 3 and the interviews, a few observations can be made, thus answering sub question 'How do inclusive MNEs in a BoP context scale?'. First of all, that all SMEs have used all scaling methods at one period of time.

Thus, confirming the applicability of the methods. With regard to the aims of scaling, expanding the number of customers, products/service, increase income generated and/or have a social impact, they all responded in agreement, but with the notion that all three units are equally important. This is in contradiction to the findings of Bocken et al. (2016) where they found that, while gaining profit was indeed important, it was concluded that it was rather as a support of the social business and the other aims.

Figure 3 presents the number of times a scaling method is used by the SMEs. Especially market penetration, product development and diversifying revenue streams were mentioned the most. This can perhaps be explained with the notion that these businesses just started and market penetration for instance has not happened yet at all, making it very important. They also use new products; therefore, it makes sense that product development has a large share in scaling. Moreover, all three key informants stressed the importance of delivering a good product. However, differences have to be made here as SME C counts for the most times product development has been mentioned. This can be explained by the fact that their start product consisted of a whole new technology that still had to be tested and further developed. SME B also had a radical new product, the shells, but they were readily usable. Only after a few years they processed the shells into liquid detergents to attract a larger customer base (market penetration) and this was done with dry freezing, a known technique.

Diversifying revenue streams is mentioned oftentimes as well. This can be explained by the fact that financial resources are very important for a start-up to actually implement the idea and survive the first period as it will likely not have an income on its own yet. This is also shown in Table 5, the first few years only external resources are mentioned. It is not till year 5 that internal diversification of revenue streams are listed. These are related to diversification actions that took place mostly as of around the same time, as the companies start to go towards the Survival stage.

The first few years focus lay on market penetration and diversifying revenue streams for SME A and B. For SME C, with its new technology, focus mostly lay with product development and diversifying revenue streams.

Geographical expansion has been used as an action by all three. However, focus and planning regarding this action is mostly found at SME C.

What is interesting is that partnerships are mentioned on multiple levels. Apparently, partnerships, or network, are/is very important throughout the scaling process. They can bring for instance financial resources or knowledge that is lacking at the SMEs.

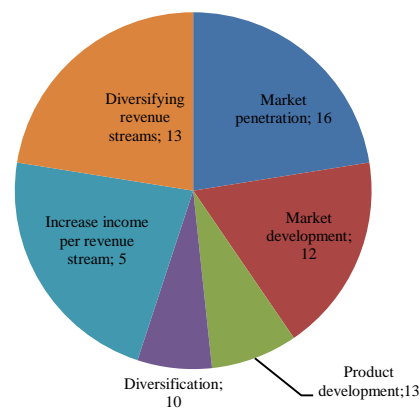


Figure 3. Scaling methods SMEs and how many times they have been used.

Table 3. Cross-case scaling overview SMEs.

Scaling aims	Scaling methods	Scaling actions per year								
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Increasing the number of customers/users of a offservice	Market penetration	Diffusion of model • SME A • SME B • SME C Partnership • SME A Driving demand • SME C	Diffusion of model • SME A • SME B	Driving demand • SME B	Diffusion of model • SME B • SME C	Diffusion of model • SME B • SME C Driving demand • SME C Increasing operations • SME C		Diffusion of model • SME B Driving demand • SME B		
	Market development	Community outreach • SME C			Partnerships • SME A • SME B • SME C Geographical expansion • SME B	Partnerships • SME B • SME C Geographical expansion • SME A • SME C	Geographical expansion • SME B		Geographical expansion • SME A • SME B	
Expanding the offservice with a social impact	Product development	Innovative technology • SME C Continuous improvement • SME C	Continuous improvement • SME C	Radical improvement • SME B Partnership • SME B Continuous improvement • SME C	Continuous improvement • SME B	Incremental improvement • SME A • SME C Radical improvement • SME B Continuous improvement • SME C	Radical improvement • SME A	Innovative technology • SME B		
	Diversification			New products • SME A		New products • SME A • SME B • SME C Conglomerate diversification • SME C	New products • SME B	New Service • SME A New products • SME B Conglomerate and horizontal diversification • SME B		New products • SME A
Sustain the social business economically	Increasing income generated									
	Increasing revenue per stream	Increase in productivity • SME A • SME C		Efficiency of organisation • SME C	Efficiency of organisation • SME B	Increase in productivity • SME C				
	Diversifying revenue streams	Interest microcredits • SME A	Microloans • SME B	Grant • SME C	Partnership • SME B Scaling grant • SME C	Additional customer stream • SME A • SME C Crowdfunding • SME B Government funding • SME C	Bank loan • SME B	Additional customer stream • SME A	8X scaling loan • SME A	Additional customer stream • SME A

4.2 MNEs

All three selected MNEs have over 250 employees and operate internationally. Furthermore, they were selected on the basis of (1) having achieved scale in line with the definition of scale by Bocken et al (2016) by being at least in the Success stage of the business growth framework where the company has the advantage of size, financial resources, and managerial talent, but also being more bureaucratic and formal (Lester, Parnell, & Carraher, 2003), (2) having an inclusive business model, meaning being a for-profit, while also having social impact and (3) having people from the BoP in their value chain as producer, supplier, distributor or consumer.⁴

4.2.1 MNE A - doTERRA

The first MNE is a very interesting company to research as it was only founded in 2008 in the US and has since grown to a company with over 3200 employees and 13 offices worldwide. DoTERRA produces and distributes essential oils for various health purposes. For the distribution of its products, it utilises a direct selling model through independent resellers called Wellness Advocates.² While many essential oil companies claim to produce 100% pure oils, this can often not be certified or traced. DoTERRA therefore wanted to change this from the start and set a standard for the industry. To do so, they created a quality protocol where each batch is tested, not only by themselves, but by third parties as well.³ It makes use of co-impact sourcing to create shared value since 2014 with their various suppliers as growers and distillers in over 45 countries, of which over half of them are considered developing countries, thus becoming an inclusive MNE.⁴

4.2.1.1 Inclusivity and poverty alleviation for the suppliers

The goal of doTERRA's Co-Impact Sourcing is to create shared value by fair and timely payments to support the suppliers' families and communities. They do so by providing the resources, tools, and training necessary to ensure a long-lasting partnership. Thus, the suppliers are able to provide quality products. Three pillars of Co-Impact Sourcing are to be directly involved at the source so doTERRA knows the people and processes involved, to create social impact including job creation, fair labour conditions and community development projects and lastly, environmental stewardship and sustainability.⁵

This is also supported by MNE A's own foundation, which focusses on projects such as microcredits, clean water wells, schools, medical equipment and education on hygiene and health.

By 2018 112,095 jobs have been created and 541,349 lives have been impacted by its sourcing project. In 2019 this increased to 1,014,071 lives impacted by both sourcing and social projects.

² <https://www.doterra.com/CA/en/about-fact-sheet>;
<https://www.doterra.com/US/en/about-us>

³ <https://www.doterra.com/US/en/cptg-testing-process>

⁴ <https://www.doterra.com/US/en/co-impact-sourcing>;
<https://sourcetoyou.com/en/growers#how-co-impact-sourcing-works>;
<https://viewer.joomag.com/2020-doterra-healing-hands-annual-report-2020/0141848001614021084?short&>;
<https://media.doterra.com/us/en/brochures/co-impact-brochure-haiti.pdf>

⁵ <https://sourcetoyou.com/en>; <https://www.doterra.com/CA/en/about-fact-sheet>; <https://www.doterra.com/US/en/co-impact-sourcing>

4.2.1.2 Scale

In 2008 doTERRA started with 25 oils and 10 blends, which were over 140 oils and numerous derived products by 2020.

By 2014 when MNE A became inclusive, it had more than one million independent distributors, over 500 employees and on a regular basis days where more than one million dollars a day is earned.⁶ Important to mention is that the founding executives had all of them vast experience in their own fields before starting this company and surrounded themselves with other knowledgeable people.⁷

The aims by Bocken et al. (2016) of increasing the number of customers of a business as well as expanding its offer and maximising its revenues until it reaches millions of people have thus been attained.

Given the vast financial resources, experienced management and the fact that it is a large business, doTERRA can be categorised as being in the Success or Maturity stage of the business growth framework by Lester, Parnell and Carraher (2003).

4.2.1.3 Scaling strategies and timeline

Because of doTERRA's direct selling model and its thorough marketing and business support, it was capable to scale more flexibly. This is reflected in its scaling strategies by having a focus on market penetration and development and overall continuous development. For a scaling strategies and scaling timeline overview, see Table 11 in Appendix 9.7.⁸

4.2.2 MNE B – Barry Callebaut

The Barry Callebaut Group is a publicly listed Swiss based company and the largest manufacturer of chocolate and cacao products with over 175 years of experience. The group has been created out of the merger in 1996 of Cacao Barry, founded in 1842, and Callebaut, founded in 1911. The aim of the business is to be the heart and engine of the chocolate and cacao industry using four pillars as strategy: expansion, innovation, cost leadership and sustainability. Since 2011 the sustainability pillar has been added, accountability of which has since been provided through a sustainability report. Thus becoming an inclusive MNE by adding farmers from the BoP as suppliers in its supply chain.⁹

⁶ <https://www.doterra.com/US/en/about-us>;

<https://www.doterra.com/CA/en/about-fact-sheet>;

⁷ <https://www.doterra.com/US/en/founding-executives-and-doterra-leadership>; <https://www.doterra.com/US/en/about-us>;

<https://sourcetoyou.com/en/scientists>;

<https://sourcetoyou.com/en/practitioners>

⁸ <https://news.doterra.com/press-releases>;

<https://news.doterra.com/news?cat=8>;

<https://www.doterra.com/US/en/about-us>;

<https://www.doterra.com/US/en/empowered-success>

⁹ <https://www.cacao-barry.com/en-OC/chocolate-innovation-know-how/history-tradition>; <https://www.barry-callebaut.com/nl-NL/group/about-us/our-strategy>; <https://www.barry-callebaut.com/nl-NL/manufacturers/sustainability-in-action/25-years-supporting-sustainable-journey>; <https://www.barry-callebaut.com/nl-NL/manufacturers/news-events/forever-chocolate-progress-report-201920>; <https://www.barry-callebaut.com/nl-NL/group/forever-chocolate/sustainability-reporting>; <https://www.barry-callebaut.com/sites/default/files/2019-01/barry-callebaut-corporate-social-responsibility-report-2011-12-e.pdf>; <https://www.barry-callebaut.com/sites/default/files/2019-01/barry-callebaut-sustainability-report-2012-13.pdf>

4.2.2.1 Inclusivity and poverty alleviation for the suppliers

Barry Callebaut works mostly with cooperatives as they can offer cost-effective and quality beans, next to the fact that they help support smallholder farmers. Barry Callebaut has a long-term sustainable cocoa program, called Quality Partner Program (QPP). This program focusses on quality of the cocoa farms through farmer education, quality of the beans through improved farmer production practices and quality of life of the farmers and their families in their supply chain. In 2011 tens of thousands farmers participated in the program. To boost these goals even further, Barry Callebaut introduced in 2012 an initiative 'Cocoa Horizon' to target farmers and farmer cooperatives. In 2015 the initiative developed into the Cocoa Horizon Foundation. The foundation is funded by proceedings from Barry Callebauts sustainable and fully traceable part of the supply chain. MNE B ensures with its sustainable supply chain that farmers earn an equitable income, engage in responsible labour practices, safeguard the environment through sound agricultural practices, and thus can provide for the basic health and education of their families instead of having to turn to for instance child labour.¹⁰ Thus, they provide a long-term viability and support to the farmers and their families. Barry Callebaut has since helped hundreds of thousands of farmers lift themselves out of poverty. The indirect impact is of course even bigger. MNE B's goal is to have lifted more than 500,000 cocoa farmers out of poverty by 2025.¹¹ To do so, they work together with many public and private partners.¹² As they have a CSR policy, another goal, next to people and profit, is the planet, or environmental sustainability.¹³

4.2.2.2 Scale

In 2011 Barry Callebaut had almost 6000 employees across the globe and an operating revenue of near six billion USD. In 2020 this has increased almost 12,500 employees and an operating revenue of over 7.5 billion USD. Furthermore, Barry Callebaut is active in 143 countries with 61 factories that serve three main customer groups: Food & Beverages Manufacturers, Artisans & Chefs and Vending. All in all MNE B is present in 25% of all chocolate and cocoa products around the world, which is no wonder as 115 different companies and 96 subsidiaries are part of the Barry Callebaut Group.¹⁴

The aims by Bocken et al. (2016) of increasing the number of customers of a business as well as expanding its offer and maximising its revenues until it reaches millions of people have thus been attained.

Given the vast financial resources, experienced management and the fact that it is a large business, Barry Callebaut can be categorised as being in the Success or Maturity stage of the

business growth framework by Lester, Parnell and Carraher (2003).

4.2.2.3 Scaling strategies and timeline

Barry Callebaut has amongst others expansion through for instance outsourcing and partnerships, innovation and cost leadership through for instance production optimisation as its strategic pillars.¹⁵ This is reflected in their scaling strategies, of which an overview can be found in Table 12 in Appendix 9.8.¹⁶

4.2.3 MNE C – OLVEA Group

Founded in 1929 in France, OLVEA Group (OLVEA) has remained a family business over four generations, specialising in the supply of fish and vegetable oils which it sells B2B to around 1000 companies in over 90 countries across the world in the cosmetic, pharmaceutical, tech, aqua/pet feed and food industry.¹⁷

The business units are each divided in multiple supply chains, which are partly conventional, organic and sustainable. Since 2007 they have sustainable and fully integrated supply chains in which people from the Base of the Pyramid are included as producers, thus becoming an inclusive MNE.¹⁸

4.2.3.1 Inclusivity and poverty alleviation for the suppliers

OLVEA is committed to sustainable development in its supply chains by amongst others adding real economic and social value to local communities.¹⁹ While sustainability has always been part of OLVEA's core values, they set up sustainable and traceable value chains as of 2007 with the shea supply chain in Burkina Faso and argan supply chain in

¹⁵ <https://www.barry-callebaut.com/nl-NL/group/about-us/our-strategy>

¹⁶ https://orbis-bvdinfo-com.ezproxy2.utwente.nl/version-2021827/orbis/1/Companies/report/Index?format=_standard&BookSection=ACTIVITIES&seq=0; <https://www.barry-callebaut.com/nl-NL/manufacturers/la-morella-nuts/services/nuts-center-expertise/form>; <https://www.chocolate-academy.com/us/en/222>; <https://www.barry-callebaut.com/nl-NL/group/media/news-stories/barry-callebaut-acquire-american-chocolate-decorations-manufacturer-mona>; <https://www.barry-callebaut.com/nl-NL/group/media/news-stories/barry-callebaut-takes-over-remaining-51-certified-bean-supplier-biolands>; <https://www.barry-callebaut.com/sites/default/files/2019-01/barry-callebaut-chocolate-sustainability-report-2014-15.pdf>; https://www.barry-callebaut.com/sites/default/files/2019-01/barry-callebaut-gri-standards-report-2016-17_0.pdf; <https://www.barry-callebaut.com/sites/default/files/2019-02/GRI%20Standards%20Report.pdf>; <https://www.barry-callebaut.com/sites/default/files/2019-02/GRI%20Standards%20Report.pdf>; <https://www.barry-callebaut.com/sites/default/files/2019-12/Barry%20Callebaut%20Global%20Reporting%20Initiative%2028GRI%29%20Report%202018-19.pdf>; https://www.barry-callebaut.com/sites/default/files/2020-12/Forever%20Chocolate%20GRI_Report_2019-20_0_1.pdf

¹⁷ <https://www.olvea.com/vegetable-and-fish-oils/>; <https://www.olvea.com>; <https://www.olvea.com/historic-review/>; <https://www.olvea.com/olvea-group/values>

¹⁸ <https://www.olvea-fish-oils.com/sustainability/>; <https://www.olvea-vegetable-oils.com/sustainable-supply-chains/>; <https://www.olvea.com/wp-content/uploads/2021/06/OLVEA-Act-Now-Corporate-Social-Responsibility-Performance-report-OLVEA-2021-Web.pdf>

¹⁹ <https://www.olvea-vegetable-oils.com/sustainable-supply-chains/>

¹⁰ <https://www.barry-callebaut.com/sites/default/files/2019-01/barry-callebaut-corporate-social-responsibility-report-2011-12-e.pdf>

¹¹ <https://www.barry-callebaut.com/nl-NL/node/1617>; <https://www.barry-callebaut.com/sites/default/files/2019-01/barry-callebaut-corporate-social-responsibility-report-2011-12-e.pdf>

¹² <https://www.barry-callebaut.com/sites/default/files/2019-01/barry-callebaut-corporate-social-responsibility-report-2011-12-e.pdf>

¹³ <https://www.barry-callebaut.com/nl-NL/group/forever-chocolate/sustainability-reporting>

¹⁴ <https://www.barry-callebaut.com/nl-NL/group/about-us/barry-callebaut-glance>; https://orbis-bvdinfo-com.ezproxy2.utwente.nl/version-2021827/orbis/1/Companies/report/Index?format=_standard&BookSection=KEYFINANCIALS&seq=0

Morocco. MNE C has in 2018 formalised its sustainability with a CSR strategy to describe its values and work towards them. As of 2020 they also publish a CSR report for transparency. The six core pillars of OLVEA are governance, environment, local development, clients, economic performance and working conditions & relations.²⁰ Local development and economic performance are of course characteristics of an inclusive business.

Furthermore, since 2015 they have a membership with UN Global Compact, which is the largest corporate sustainability initiative with the aim to mobilize a global movement of sustainable companies and stakeholders to create a different world. The member companies have to abide by principles derived from international law in the fields of human rights, labour, environment and anti-corruption. Furthermore, they have to take strategic actions to advance broader societal goals such as the UN SDGs. OLVEA attributes to 15 out of 17 goals, including the first, eradicating poverty.²¹

MNE C has four fair trade supply chains which guarantees the producers receive a fair price throughout the supply chain.²² Next to this it has two fully integrated sustainable value chains that ensure traceability. One is situated in Burkina Faso and contains the supply chains of shea and sesame, the other in Morocco for the argan supply chain. Thanks to the opening of production units in Burkina Faso and Morocco and an eco-refinery plant in France, the entire value chain can be traced.²³

Producers in all three supply chains consist of mostly women, therefore MNE C targets an even more fragile group. OLVEA supports social impact through three different funds. Since 2007 there is the Philanthropic Fund run by OLVEA itself with the mission to support artistic, social and environmental actions in the regions where OLVEA is located. Examples are the distribution of face masks and other hygiene products to 1500 female producers in Burkina Faso for them and their families to help in the battle against Covid-19 and a literacy campaign that not only taught over 5500 people to read since 2013, but also trained them afterwards in for instance poultry breeding and shea marketing. Thus, helping them to develop financial autonomy.²⁴ The other two are charitable organizations created by OLVEA, but run autonomously by volunteers from OLVEA's employee force in respectively Morocco and Burkina Faso.²⁵

Therefore, OLVEA not only provides jobs, through its supply chains, it also promotes socio-economic prosperity long-term via amongst others education so the next generation can develop itself as well. By the numbers mentioned on OLVEA's website and affiliated documents for almost each project, the

number of people from the BoP that have been impacted is likely to run into at least tens of thousands.

4.2.3.2 Scale

OLVEA started in 1929 as a small family business initially just focussed on trading cod liver oils.²⁶ Over the years it has grown into an MNE with 286 employees of fifteen different nationalities worldwide in 2020.²⁷

Nowadays it has 5 shareholders and twelve subsidiaries in France, Burkina Faso, Mauritania, Morocco, The Netherlands and the US and produces 65,000 tons of oil a year of over 70 different kinds of oil.²⁸

In 2008, early on of becoming inclusive, it had a sales turnover 45.3 million²⁹. In little over ten years in 2020 this number has tripled to 150 million.³⁰

With a growth rate of 15% each year over the last 10 years, including the BoP in their supply chain has at the very least not affected the company in a negative way.³¹

Given the vast financial resources, experienced management, over 90 years of expertise and the fact that it is a large business that has shareholders and multiple subsidiaries and thus is rather bureaucratic, OLVEA can be categorised as being in the Success or Maturity stage of the business growth framework by Lester, Parnell and Carraher (2003).

4.2.3.3 Scaling strategies and timeline

By opening up subsidiary OLVEA Burkina Faso in 2007, MNE C made use of replication of business model for market penetration, thus also increasing operations. This led to diversification of revenue streams, together with adding shea and argan supply chains to its OLVEA's portfolio, along with the new products through horizontal diversification. In 2009 this was repeated by the introduction of the sesame supply chain.

In 2007 and 2008 oil extraction units in Morocco and Burkina Faso were built, which meant diversification through new services. Since 2013 all subsidiaries are unified under the same group: OLVEA Group, thus making use of umbrella-brand marketing for market development.³²

Increasing revenue per stream was done by efficiency of organisation and increasing productivity through the different funds as this led to amongst others (more) educated people and an improved supply chain.

²⁰ <https://www.olvea.com/wp-content/uploads/2020/10/OLVEAct-Now-Corporate-social-responsibility-Performance-report-2019-2020.pdf>

²¹ <https://www.unglobalcompact.org/what-is-gc/mission>; <https://www.unglobalcompact.org/what-is-gc/mission/principles>; <https://www.olvea.com/wp-content/uploads/2021/06/OLVEAct-Now-Corporate-Social-Responsibility-Performance-report-OLVEA-2021-Web.pdf>

²² <https://www.olvea-vegetable-oils.com/news-development-fund-fair-trade-vegetable-oils-supply-chains/>;

²³ <https://www.olvea.com/sustainability/#corporate-social-responsibility>

²⁴ <https://www.olvea-vegetable-oils.com/sustainable-supply-chains/>

²⁵ <https://www.fonds-olvea.com/who-are-we>; <https://www.fonds-olvea.fr/post/burkina-faso-distribution-de-masques-en-tissu>;

<https://www.fonds-olvea.fr/post/campagne-d-alphab%C3%A9tisation-2020-au-burkina-faso>;

<https://www.olvea.com/wp-content/uploads/2021/06/OLVEAct-Now-Corporate-Social-Responsibility-Performance-report-OLVEA-2021-Web.pdf>

²⁶ <https://www.marocavie.org/home>; <https://www.fonds-olvea.com/mauritavie>

²⁶ <https://www.olvea.com/historic-review/>;

<https://www.olvea.com/olvea-group/#present>

²⁷ <https://www.olvea.com/wp-content/uploads/2021/06/OLVEAct-Now-Corporate-Social-Responsibility-Performance-report-OLVEA-2021-Web.pdf>; <https://www.olvea-fish-oils.com/the-group/#:~:text=Founded%20in%201929%20in%20Normandy,of%20oils%20sold%20per%20year>.

²⁸ <https://www.olvea-fish-oils.com/the-group/>; <https://www.olvea.com/wp-content/uploads/2021/06/OLVEAct-Now-Corporate-Social-Responsibility-Performance-report-OLVEA-2021-Web.pdf>

²⁹ https://orbis-bvdinfo-com.ezproxy2.utwente.nl/version-2021630/orbis/1/Companies/report/Index?backLabel=Back%20to%20Complete%20book&format=workSheet&WorkSheetSection=PROFIT_LOSS_ACCOUNT&seq=0

³⁰ <https://www.olvea.com/wp-content/uploads/2021/06/OLVEAct-Now-Corporate-Social-Responsibility-Performance-report-OLVEA-2021-Web.pdf>

³¹ <https://www.olvea.com/wp-content/uploads/2021/06/OLVEAct-Now-Corporate-Social-Responsibility-Performance-report-OLVEA-2021-Web.pdf>

³² <https://www.olvea.com/historic-review/>

They penetrated the market by opening a fish oil deodorizing plant in Morocco³³ and a new production plant in Burkina Faso, thus increasing operations.³⁴

Continuous improvement takes place all the time as a few of their values are innovation and quality³⁵, but in particular by opening laboratories with the production plants in Morocco and Burkina Faso.³⁶

Market development took place through two new trade units in The Netherlands and the US.

Over the years, OLVEA has entered into many (public-private) partnerships, either for tackling SDGs together, or financial aid for their projects. Examples are the public-private partnership with L'Oréal and an NGO that made sure (women) producers were given improved cooking stoves, which significantly improves the supply chain. Another example of a partnership with one of their clients is that with Yves Rocher which has financed projects with organic shea producers OLVEA works with.

Other success factors that could be identified are dedicated employees. Not only do employees in Morocco and Mauritania contribute voluntarily to charitable organisations founded by OLVEA, but there is wide recognition throughout the whole company, from employees to management and shareholders that it is their responsibility to contribute to a better world. As is stated in MNE C's 2020 CSR report, while it was risky to opt for sustainability throughout the entire value chains, it has proven to be a virtuous economic model with strong social and environmental impact.³⁷

Furthermore, they seem to regard it beneficial to have measurable and laid out plans to keep to their (sustainability) goals. With dedicated employees for these topics, it makes the organisation also more efficient.³⁸

Given the fact that OLVEA's pillars are amongst others people and profit and its vast customer base of over 1000 companies around the globe, it can be claimed that the aims of MNE C are to expand the number of customers, products/service, increase income generated and/or have a social impact.

An overview of MNE C's scaling strategies can be found in Table 13 in Appendix 9.9.

4.2.4 Cross-case analysis MNEs

In Table 4 an overview of the MNEs superimposed scaling methods and actions over the years is shown.

Together with the data depicted in Figure 4 and the interviews, a few observations can be made, thus answering sub question 'How do inclusive MNEs in a BoP context scale?'.³⁹

First of all, that all MNEs have used all scaling methods at one period of time. Thus, confirming the applicability of the

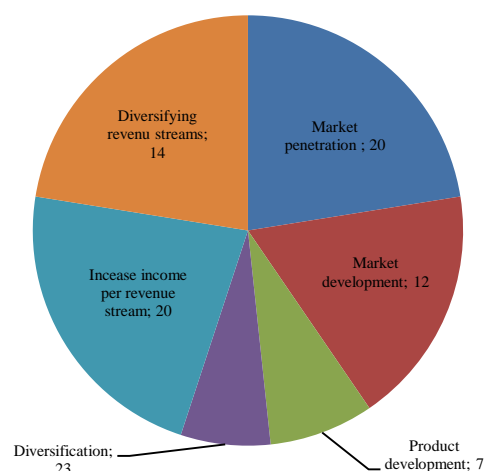


Figure 4. Scaling methods MNEs and how many times they have been used.

methods. Caution here is necessary because as only secondary data was available, less (in-depth) knowledge could be obtained. This goes especially for MNE A and B.

With regard to the aims of scaling, expanding the number of customers, products/service, increase income generated and/or have a social impact, all three units seem to be equally important.

MNE B and C have a CSR policy in place, thus they by definition focus on both people and profit equally. MNE A on the other hand prides itself in being market leader in a billion dollar market, next to listing when they for instance earned for the first time one million dollar a day, thus strongly indicating that profit and with that, all aims are equally important.

The most mentioned scaling methods for the MNEs are diversification, market penetration and increase income per revenue stream. Diversification as a scaling method makes sense as the MNEs already have a set (customer) base from where they can develop and expand the business with new products. Introducing new products or services in this stage probably is less risky as well, because the business is not hurt that much should one of them fail.

Market penetration manifests itself mainly in replication of business models, increasing operations and M&A within the first half of business years since becoming inclusive.

The fact that increasing revenue per stream is one of the most mentioned scaling methods is in hindsight not that strange. If you have set up a mature business, it is only logical that the existing revenue streams should be made as efficient and profitable as they can be. In particular efficiency of organisation could be related to the size of the company as you have to deal with a great many people and businesses and streamlining activities is therefore necessary.

Looking deeper into Table 5, MNE B concentrates on market penetration, which could be explained by its cost leadership business strategy. The larger the volumes produced, the more profitable it will be.

Furthermore, only one type of improvement (continuous) is noticeable, although this could be a consequence of less in-depth knowledge. Moreover, timing-wise, it seems a bit more muddled and less applicable to a certain time frame. Lastly, partnerships are mentioned numerous times as scaling actions linked to many scaling methods. Apparently, public or private partnerships are very important throughout the scaling process for MNEs.

³³ <https://www.olvea.com/historic-review/>

³⁴ <https://www.olvea.com/wp-content/uploads/2020/10/OLVEAct-Now-Corporate-social-responsibility-Performance-report-2019-2020.pdf>

³⁵ <https://www.olvea.com/wp-content/uploads/2021/06/OLVEAct-Now-Corporate-Social-Responsibility-Performance-report-OLVEA-2021-Web.pdf>

³⁶ <https://www.olvea.com/historic-review/>
<https://www.olvea.com/wp-content/uploads/2020/10/OLVEAct-Now-Corporate-social-responsibility-Performance-report-2019-2020.pdf>

³⁷ <https://www.olvea.com/wp-content/uploads/2020/10/OLVEAct-Now-Corporate-social-responsibility-Performance-report-2019-2020.pdf>

³⁸ <https://www.olvea.com/wp-content/uploads/2020/10/OLVEAct-Now-Corporate-social-responsibility-Performance-report-2019-2020.pdf>

Table 4. Cross-case scaling overview MNEs, part 1.

Scaling aims	Scaling methods	Scaling actions per year						
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Increasing the number of customers/users of a offer/service	Market penetration	Replication of model • MNE C • MNE A Increasing operations • MNE C M&A • MNE B	Replication of model • MNE A Increasing operations • MNE B	Replication of model • MNE A Increasing operations • MNE A • MNE B Partnership • MNE B	Replication of model • MNE A Increasing operations • MNE B M&A • MNE B		Increasing operations • MNE B	Increasing operations • MNE B
	Market development	Umbrella-brand marketing • MNE A Partnership • MNE B	New distribution channel • MNE A Partnership • MNE B	Geographical expansion • MNE B		Geographical expansion • MNE A	New distribution channel • MNE A Geographical expansion • MNE A	Umbrella-brand marketing • MNE C New distribution channel • MNE C Geographical expansion • MNE B
Expanding the offer/service with a social impact	Product development	Continuous improvement • MNE C • MNE A		Continuous improvement • MNE B		Continuous improvement • MNE A • MNE B		
	Diversification	New products • MNE C New service • MNE C Horizontal diversification • MNE C	New service • MNE C • MNE B New products • MNE A • MNE B Horizontal diversification • MNE C • MNE A	New products • MNE C Horizontal diversification • MNE C	New Service • MNE B		New service • MNE A New products • MNE A Conglomerate and horizontal diversification • MNE A	New products • MNE A Horizontal diversification • MNE A
Sustain the social business economically	Increasing income generated							
	Increasing revenue per stream	Efficiency of organisation • MNE C • MNE B Increasing productivity • MNE C	Efficiency of organisation • MNE C • MNE A • MNE B Increasing productivity • MNE C • MNE B	Increasing productivity • MNE A Efficiency of organisation • MNE B	Increasing productivity • MNE C Efficiency of organisation • MNE A	Efficiency of organisation • MNE B		Efficiency of organisation • MNE C
	Diversifying revenue streams	Subsidiary added • MNE C Additional supply chain • MNE C Additional supply chain • MNE C Partnership • MNE B	Additional new product line (nuts) • MNE B	Additional supply chain • MNE C Public-private partnership • MNE A		Childcare facility • MNE A Health clinic • MNE A	Health clinic • MNE A Partnership • MNE A	Partnership • MNE B

Table 4. Cross-case scaling overview MNEs, part 2.

Scaling aims	Scaling methods	Scaling actions per year						
		Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
Increasing the number of customers/users of a offer/service	Market penetration	Increasing operations • MNE C • MNE B	Increasing operations • MNE B	Increasing operations • MNE C • MNE B				
	Market development	New distribution channel • MNE C						
Expanding the offer/service with a social impact	Product development		Continuous improvement • MNE B	Continuous improvement • MNE C				
	Diversification	New Service • MNE B		New Service • MNE B		New service • MNE C Conglomerate and horizontal diversification • MNE C		New service • MNE C Horizontal diversification • MNE C
Sustain the social business economically	Increasing income generated	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
	Increasing revenue per stream	Increase in productivity • MNE B	Efficiency of organisation • MNE B	Increasing productivity • MNE C		Efficiency of organisation • MNE C		Efficiency of organisation • MNE C Increasing productivity • MNE C
	Diversifying revenue streams			Public-private partnership • MNE C	Partnership • MNE C			

4.3 Comparison cross-case analyses SMEs and MNEs

In this section a comparison of the cross-case analyses of the SMEs and MNEs is made. Thus, answering the central research question *'What are the differences in scaling between inclusive SMEs and MNEs in a BoP context?'*

At one point all businesses make use of the scaling methods, which confirms the validity and applicability to inclusive businesses. They all indicate that economical profit is vital to the business and on an equal level as the social impact.

Looking a bit deeper into Table 4, the scaling action of umbrella-brand marketing has not been used as a scaling action with any of the SMEs. This is to be expected to only exist with MNEs as SMEs usually have no subsidiaries to perform such an action on due to their size.

Furthermore, SMEs have to work on getting the finances in order to be able to start and survive, while MNEs already have a large pocketbook or credit to get financial capital in order to scale further, thus the focus on increasing the existing revenue streams. Because of the capital MNEs have access to, they can participate in scaling activities for which capital is needed, such acquisitions of other businesses.

MNEs not only have more financial resources, they also have more human resources or skills and experience. and if they have a project that requires a specific skillset not present yet, with that big amount of human resources, they have a wide network of people they can bring in and the funds to pay for that specific skillset. Plus, they usually have a wide network and perhaps their brand name already known makes it easier to enter into partnerships.

SME C is the only of the six sample companies that does not focus too much on social media or an online presence, which makes sense as their consumers are part of the BoP for whom smartphones and/or constant internet access are usually too expensive. And they probably have other things on their mind then spending time on social media.

MNE A shares characteristics with both MNEs (e.g. replication of model) and SMEs (e.g. geographical expansion) with regard to scaling. This can be explained by the fact that it is still a relatively young company, especially compared to the other two MNEs and not much older than the SMEs.

In short, commonalities in scaling between inclusive SMEs and MNEs in a BoP context are the fact that social and economic impact are considered of equal importance, all scaling methods are used for every sample business at one point and (public and/or private) partnerships are important scaling actions during the scaling process and are linked to multiple scaling methods.

Differences are mostly the fact that the focus for SMEs lies on market penetration through business model diffusion, while MNEs also seem to concentrate on market penetration, but through business model replication, increasing operations and M&A. A difference that could be explained by the vast capital of MNEs.

Furthermore, when it comes to the aim of expanding the offer/service with a social impact, SMEs tend to focus on product development, while MNEs concentrate more on diversification as scaling method.

To sustain the social business economically, SMEs tend to focus on diversifying revenue streams, while MNEs seem to concentrate on increasing the revenue of existing revenue streams.

Both differences with regard to approach in reaching the of aims expanding the offer and sustaining the business economically, could be explained by the maturity phase the SMEs and MNEs are respectively in.

Lastly, timing of the actions seems less crucial for MNEs. At least over the period of time measured in this thesis.

4.4 Expert A and B interviews

Expert A's interview was used as a way to get a first practical grasp of an inclusive business working in a BoP context and above all, to sharpen the interview questions. Therefore, this interview was not used as being part of the sample, but rather as an expert insight from a practical view.

Based upon survey questions by Bocken et al. (2016) used for their research, interview questions were formulated. However, during the interview it quickly became apparent that the questions were mostly related to manufacturers instead of both manufacturers and service providers leading to the fact that answers could not be given and had to be reconstructed there and then. Afterwards interview questions were adapted and questions about the BoP were added as well. So far, questions about the latter subject were missing and in hindsight this seemed rather a research gap as the BoP is such a large part of the research (question).

Expert B is a senior research fellow linked to a Dutch university that is partner for a program that performs research into partnerships and scaling of SMEs and cooperatives in inclusive development processes. Within the program they work together with all kinds of businesses, such as SMEs, MNEs and NGOs and practitioners and the Dutch government.

One of the points that were taken from this interview is that she recognizes the aims and methods of the framework by Bocken et al. (2016). Furthermore, while she confirmed that the research topic is certainly relevant, she also stated that it is very difficult to draw clear conclusions and make generalisations. This is due to the fact that even for similar types of businesses the supply chains can be very different and this can vary even more between regions or countries. Moreover, it is difficult because people use for instance different kinds of definitions of scaling. This confirms the findings mentioned in chapter 1. Furthermore, the importance of (public/private) partnerships was stressed. Thus confirming the findings in this research. Although, practice shows that incentives are necessary for private companies to cooperate in such a scheme. The incentive is usually local legislation that forces them to work with local partners. Moreover, for a successful partnership, a common purpose, sharing of resources and leadership are necessary. However, an interesting fact is that, even though it is a partnership, the relationship does not always have to be equal. If a multinational says 'we do it like this and for that price', the SMEs have to bid by the MNEs dictations.

5. DISCUSSION, LIMITATIONS AND RECOMMENDATIONS

5.1 Discussion

Four out of six sample companies have either a CSR policy (MNEs) or are dedicated to green sustainability next to social impact (SME B and C). This could mean that chances are high that an inclusive business, has environmental impact as well. Especially since inclusive businesses are related to the SDGs of which this part as well.

Furthermore, contributors to *Scaling Up* investigated innovative social economies in British Columbia and Alberta discovered that achieving a social good through collective, grassroots enterprise resulted in a sustainable way of

satisfying human needs that was also, by extension, environmentally responsible.

Generating and increasing revenue seems to be such a large part of inclusive businesses that maybe the original framework Bocken et al. (2016) used for their field research, is more applicable for inclusive businesses. While generating profits is core for both social businesses and inclusive businesses, the difference between them is that for social businesses this is seen as a means to reach their goal of creating social impact (Alter, 2007). This corroborates with Bocken and colleagues' (2016) findings. However, for all six of the sample cases in this study, generating and increasing revenue was considered an aim in itself. This was maybe the least for SME C, but then again, this company started as a non-profit. Co-founder of SME A perhaps described it best when he said that all of the aims of expanding the number of customers, products/service, increase income generated and/or have a social impact go together. With inclusive businesses generating income is not a means to have social impact, but rather a realisation that customers and people from the BoP in their value chain are two sides of the same coin and keeping those two important factors, or actors, happy is a constant search for balance between the two. Proposition of this thesis is therefore that all three aims should be positioned equally. A visualisation of this conceptual model can be found in Table 5.

All three SMEs chose to grow consciously and gradually, but therefore more durable, instead of investing in scaling exponentially. The more modest amount of money behind the SMEs might be an explanation for this compared to the growth rate of the MNEs. The most interesting difference here is that between the SMEs and DoTerra (MNE A), as this company started around the same time as the SMEs, but has scaled very fast and to the maturity stage of a business life cycle compared to the development or scaled stage of the SMEs. Why they chose to scale this rapidly, or how they were able to do so, is a very interesting question. First of all, an assumption is that they had, given their previous jobs at a competitor, access to capital and investors who were perhaps already familiar with investing in such a business. Secondly, the essential oil is a high-growth sector. Furthermore, the distribution model makes it easier to set up business abroad with area business representatives and exclusive groups of coaches and therapists that can buy wholesale and distribute the products amongst their (existing) clients. The type of product makes this possible as opposed to for instance liquid detergent products of SME B, which is in retail as well. The products by doTerra are more specialised compared to detergents and coffee. The distribution model of SME C has most in common with that of MNE A as they distribute employing local people and by distributing through existing local shops. However, the water filters of SME C are also rare in its kind, leading to a cautious conclusion that it seems that these kind of distribution models are more suitable for products that are rarer in its kind. Both SME A and SME B stated they want to grow slowly, but steadily and therefore the more durable. They consciously choose not to make use of shareholders or other quicker ways to come by extra capital to scale fast. SME C did not indicate such a resolution and common factor that this business and MNE A (doTerra) have, is that they are both US companies, known for being a tad more daring and motto of 'the bigger, the better'.

Research demonstrates the importance of prior knowledge and social networks for businesspeople who create new firms and markets (Estradacruz, Verdújover, & Gómezgras, 2019). This can be a (partial) explanation of why MNE A scaled up so incredibly fast, especially compared to the other businesses in

the sample. The prior, relevant knowledge and contacts of and within the sector of the founders and executives were of importance starting their business. This can be an advantage compared to competitors that are not yet extensively familiar with the sector their business is in.

A future research avenue related to this, could be to investigate the relationship between national culture, the manner of doing business and when a business is perceived as being successful. Since culture is an important aspect of identity and an individual's personality and behaviour are connected to his/her national culture or country of origin, businesspeople from different cultures may have different business approaches (Berger, 1991; (Estradacruz, Verdújover, & Gómezgras, 2019)). Sample company MNE A, being of North-American origin, scaled very fast which can be a consequence of the North-American (business) culture that revolves around 'making as much money as you can as fast as you can' (Stewart-Allen, 2003). US and European based start-ups differ in that US based businesses are expected to grow very rapidly and are not expected to generate much profit as this would mean growth rate is too slow ("Differences and commonalities," 2017). Interestingly, SME C, being an US based business as well, stated they want to grow slowly and steadily which is the same for the four other European based sample companies. However, they also expressed the desire to scale very fast in their customer base, also by expanding to India and Indonesia within one year. Countries that together account for over 1.5 billion people.

5.2 Limitations and recommendations

There are multiple limitations to this thesis. The fact that only secondary data could be used for the MNEs is such an example. Furthermore, all sample businesses operate in different industries and have different business approaches, besides the common denominator of being an inclusive business. Therefore, generalisations should be made carefully and cautiously. To make the cleanest comparison the sample would ideally consist of multiple SMEs and MNEs that not only comply with the requirements set in this thesis, but also with that of operating in the same industry. This can however be rather difficult without the right network and cooperation.

The small sample size of six inclusive businesses in total, three of each category is another limitation. Recommendation for further research is therefore to repeat this research with a large sample size to evaluate whether the findings of this thesis hold for a larger sample and are thus proven to be valid and more generalisable.

Second recommendation for future research is to investigate what the relationship is between culture and perception of a successful (inclusive) business.

A third recommendation is to look into barriers and success factors SMEs and MNEs might encounter during the scaling process.

A fourth recommendation is to research public-private partnerships in an inclusive BoP context and in particular the relationship between SMEs and MNEs in a partnership.

Table 5. Scaling framework Inclusive Businesses.

Aims to achieve scale	Increasing the number of customers/users of a service		Expanding the service/offer with a social impact		Increasing income generated	
Scaling methods	<i>Market penetration</i>	<i>Market development</i>	<i>Product development</i>	<i>Diversification</i>	<i>Increasing income per revenue stream</i>	<i>Diversifying revenue streams</i>
Scaling actions	• ...	• ...	• ...	• ...	• ...	• ...

6. CONCLUSION

The conclusion can be divided over theoretical and practical contributions.

6.1 Theoretical contribution

First of all, this research has provided clear definitions. Secondly, the scaling framework by Bocken et al. has been tested on the sample cases in this research and proven to be valid with regard to the methods. The aim of profit has however been found to be of equal importance. Therefore, a scaling framework has been set up that reflects this.

Moreover, this thesis is a first exploratory study into research gap of the differences in scaling between inclusive SMEs and MNEs. It has provided insights into how inclusive SMEs and MNEs might scale successfully. It has shown similarities and differences. Key success factors have been identified (e.g. network and partnerships).

6.2 Practical contribution

One of the practical contributions of this thesis is that key success factors and scaling methods have been identified for inclusive SMEs and MNEs in a BoP context. This has been shown in a clear overview plus timeline, which set-up can be used during further research. Linkages of scaling methods could be made to business models, sizes and maturity. At least as far as they have been found valid for the sample cases.

A summary has been set up accordingly.

However due to the limited sample size, caution needs to be heeded with regard to quick and easy generalisations. As this was just a first step into researching this topic, further (field) research is much needed.

7. ACKNOWLEDGEMENTS

First of all I would like to thank prof. dr. ir. Petra C. de Weerd-Nederhof and dr. Tamara Oukes for their immense support and feedback during the whole of this journey. Secondly, I would like to thank dr. Ariane M. von Raesfeld Meijer for taking over as second supervisor, enabling me to graduate.

Furthermore, I would like to thank my family and friends for always being there.

Lastly, I would like to thank to my fiancé, Sjoerd, for your everlasting support through it all. It has not been easy, but you -us- made it all so incredibly worthwhile.

8. REFERENCES

- Alter, K., 2007. Social enterprise typology. Virtue ventures llc. Available at. <http://www.4lenses.org/setypology>.
- Ansoff, H.I., 1988. *The New Corporate Strategy*. John Wiley & Sons Inc., Somerset, New Jersey, USA.
- B Corp. (2021a). *A Global Community of Leaders*. Certified B Corporation. <https://bcorporation.net/>.
- B Corp. (2021b). *Certification*. Certification | Certified B Corporation. <https://bcorporation.net/certification>.
- Babbie, E. R. (2013). *The practice of social research*. Wadsworth Cengage Learning.
- Berger, B. (1991). *The culture of entrepreneurship*. ICS Press.
- Bloom, P. N., & Chatterji, A. K. (2009). Scaling social entrepreneurial impact. *California Management Review*, 51(3), 114–133. <https://doi.org/10.2307/41166496>
- Bocken, N., 2015. Sustain. Venture Cap. e Catal. Sustain. Start-up Success? 108, 647e658. Part A.
- Bocken, N. M. P., Fil, A., & Prabhu, J. (2016). Scaling up social businesses in developing markets. *Journal of Cleaner Production*, 139, 295–308. <https://doi.org/10.1016/j.jclepro.2016.08.045>
- Bryman, A. (2012). *Social research methods*. Oxford University Press.
- Coffee Barometer (2018). Retrieved from: <https://www.solidaridadnetwork.org/sites/solidaridadnetwork.org/files/publications/Coffee%20Barometer%202018.pdf>
- DeJonckheere, M., & Vaughn, L. M. (2019). Semistructured interviewing in primary care research: A balance of relationship and rigour. *Family Medicine and Community Health*, 7(2). <https://doi.org/10.1136/fmch-2018-000057>
- Differences and commonalities of the EU and US Venture Capital Markets and business environments for start-ups. (2017, March 7). Retrieved from <https://www.osborneclarke.com/insights/differences-and-commonalities-of-the-eu-and-us-venture-capital-markets-and-business-environments-for-start-ups/>
- Dimosthenis T. Mousiolis, Apostolos D. Zaridis, Kostas Karamanis, Athina Rontogianni, *Corporate Social Responsibility in SMEs and MNEs. The Different Strategic Decision Making, Procedia - Social and Behavioral Sciences*, Volume 175, 2015, Pages 579-583
- Eisenhardt, K.M. (1989). Building theories from case study research. *Acad. Manag. Rev.* 14 (4), 532e550.
- Estradacruz, M., Verdújover, A., & Gómezgras, J. (2019). The influence of culture on the relationship between the entrepreneur's social identity and decision-making: Effectual and causal logic. *BRQ Business Research Quarterly*, 22(4), 226-244. doi:10.1016/j.brq.2018.10.002
- Fitzgerald, B., Stol, K.-J., Minör, S., & Cosmo, H. (2017). *Scaling a software business the digitalization journey*. Springer International Publishing.
- Gismondi, Mike. (2016). Scaling Up: The Convergence of Social Economy and Sustainability. <https://doi.org/10.15215/aupress/9781771990219.01>.
- Golja, T., & Požega, S. (2012). Inclusive Business – What It Is All About? Managing Inclusive Companies. *International Review of Management and Marketing*, 2(1), 22-42. Retrieved from <http://www.econjournals.com/index.php/irmm/article/view/95/82>
- Gurara, D., Fabrizio, S., & Wiegand, J. (2020, August 27). COVID-19: Without Help, Low-Income Developing Countries Risk a Lost Decade [Web log post]. Retrieved from <https://blogs.imf.org/2020/08/27/covid-19-without-help-low-income-developing-countries-risk-a-lost-decade/>
- Hammond, A. L., Kramer, W. J., Katz, R. S., Tran, J. T., & Walker, C. (2007). *The Next Four Billion*. Retrieved https://files.wri.org/s3fs-public/pdf/n4b_fulltext_hi.pdf
- Hammond A. L., Prahalad C. K. (2004). Selling to the poor. *Foreign Policy*, 142, 30-37.
- Inclusive Business. (2020). Retrieved from <https://www.wbcsd.org/Programs/People/Social-Impact/Inclusive-Business>
- Karamchandani, A., Kubzansky, M., Frandano, P., 2009. Emerg. Mark. Emerg. models. Available at. http://www.thegiin.org/binary-data/RESOURCE/download_file/000/000/5-2.pdf.
- Karnani, A. (2007). Romanticizing the poor harms the poor. *Metamorphosis: A Journal of Management Research*, 6(2), 151–162. <https://doi.org/10.1177/0972622520070206>
- Kartha, S., Lazarus, M., & LeFranc, M. (2005). Market penetration metrics: Tools for additionality assessment? *Climate Policy*, 5(2), 147–165. <https://doi.org/10.1080/14693062.2005.9685547>

- Kohne, A. (2019). *Business development: Customer-oriented business development for successful companies*. Springer.
- Kolk, A., Rivera-Santos, M., & Rufin, C. (2014). Reviewing a decade of research on The “Base/Bottom of The Pyramid” (BOP) CONCEPT. *Business & Society*, 53(3), 338–377. <https://doi.org/10.1177/0007650312474928>
- Lester, D. L., Parnell, J. A., & Carraher, S. (2003). Organizational Life Cycle: A Five-Stage Empirical Scale. *The International Journal of Organizational Analysis*, 11(4), 339-354. doi:10.1108/eb028979
- Likoko, E., & Kini, J. (2017). Inclusive business—a business approach to development. *Current Opinion in Environmental Sustainability*, 24, 84-88. doi:10.1016/j.cosust.2017.03.001
- London, T. (2008). The Base-Of-The-Pyramid Perspective: A New Approach To Poverty Alleviation. *Academy of Management Proceedings*, 2008(1), 1-6. doi:10.5465/ambpp.2008.33716520
- London T. (2009). Making better investments at the base of the pyramid. *Harvard Business Review*, 87(5), 106-113.
- London T., Hart S. L. (2004). Reinventing strategies for emerging markets: Beyond the transnational model. *Journal of International Business Studies*, 35, 350-370.
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis: An expanded sourcebook*. Thousand Oaks, United States: Sage Publications.
- OECD. (2018). *Enabling SMEs to scale up*. doi:<https://www.oecd.org/cfe/smes/ministerial/documents/2018-SME-Ministerial-Conference-Plenary-Session-1.pdf>
- Patton, M. Q. (1999). Enhancing the quality and credibility of qualitative analysis. *Health Services Research*, 34(5 Pt 2), 1189-1208.
- Polak, P. (2009). *Out of poverty: What works when traditional approaches fail*. Berrett-Koehler Publ.
- Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*. <https://doi.org/https://hbr.org/2011/01/the-big-idea-creating-shared-value>
- Prahalad C. K., Lieberthal K. (1998). The end of corporate imperialism. *Harvard Business Review*, 76(4), 68-79. [PubMed](#).
- Prahalad C. K., Hart S. (1999). *Strategies for the bottom of the pyramid: Creating sustainable development* (Working paper). Ann Arbor: University of Michigan.
- Prahalad C. K., Hammond A. L. (2002). Serving the world's poor, profitably. *Harvard Business Review*, 80(9), 48-57. [PubMed](#).
- Prahalad C. K., Hart S. L. (2002). The fortune at the bottom of the pyramid. *Strategy+Business*, 20, 1-13.
- Robbins, S. P., & Barnwell, N. (2006). *Organisation theory: Concepts and cases*. Prentice Hall.
- Schelfaut, S. (2020, January 22). Jumbo groeit snoei hard door, AH stabiel en Lidl en Aldi verliezen marktaandeel. AD. Retrieved from <https://www.ad.nl/economie/jumbo-groeit-snoei-hard-door-ah-stabiel-en-lidl-en-aldi-verliezen-marktaandeel~a916a3e8/>
- Schoneveld, G. C. (2020). Sustainable business models for inclusive growth: Towards a conceptual foundation of inclusive business. *Journal of Cleaner Production*, 277, 124062. <https://doi.org/10.1016/j.jclepro.2020.124062>
- Stewart-Allen, A. (2003). Doing Business the American Way. *Business Strategy Review*, 13(4), 53-57. doi:10.1111/1467-8616.t01-1-00244
- Tulder, van, R., & Rosa, da, A. (2014). Multinationals and Small- and Medium-Sized Enterprises (SMEs): A linkages perspective on inclusive development strategies. In *International business and sustainable development*. essay, Emerald.
- UN. (2015). THE 17 GOALS | Department of Economic and Social Affairs. Retrieved from <https://sdgs.un.org/goals>
- WBCSD. (2013). Scaling up inclusive business – How to overcome internal barriers. Retrieved from <https://www.wbcd.org/Overview/News-Insights/Inclusive-Business-Insights/Scaling-up-inclusive-business-How-to-overcome-internal-barriers>
- World Bank. (2018). *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle*. Washington, DC: World Bank. License: Creative Commons Attribution CC BY 3.0 IGO
- Yin, R.K. (2013). *Case Study Research Design and Methods*, fifth ed. SAGE Publications.
- Zott, C., & Amit, R. (2007). Business model design and the performance of entrepreneurial firms. *Organization Science*, 18(2), 181–199. <https://doi.org/10.1287/orsc.1060.0232>

9. APPENDICES

9.1 Informed consent form

Title of the research: "Differences in scaling between inclusive SMEs and MNEs in a BoP context"

Responsible researcher: June te Vaanholt

To be signed by the participant and the researcher:

I declare to be informed about the nature, method, target and load of the research in an understandable way.

I know that my contribution to the research can be published anonymously. Herewith, I declare that my contribution to this research will/will not be (strike out what does not apply) published anonymously.

I consent / do not consent (strike out what does not apply) to an audio recording of the interview.

I received the interview questions before the interview. Moreover, I know that I can refuse to answer certain questions.

My participation in this research is voluntary. I can withdraw from the study at any time, without having to give a reason and without negative consequences. I understand that I will not receive a reward or payment for my participation.

I was offered the possibility to answer questions and the questions that I had were answered satisfactorily. I am aware that I can contact June te Vaanholt at any moment about questions that I might have in the future.

To be signed in duplicate:

Name of participant

.....

Name of researcher

.....

Date

.....

Date

.....

Signature of participant

.....

Signature of researcher

.....

Contact information

Responsible researcher: June te Vaanholt

E-mail:

Tel.:

9.2 Interview questions

General (history)

1. What has been your (the interviewees') role within the company throughout the scaling process?
2. When was the company founded?
3. Which industry is the company in?
4. What is the purpose of the company? (I.e. products and/or services?)
5. With how many people did you start?
6. How many employees are there now?
7. With how many products/services did you start?
8. What is/are the product(s)/service(s) the company first started with?
9. What was the company's distribution circle/how many people did it reach at the start?
10. How many markets did the company then tap into in the first year?

Social impact

11. How many people in the Base of the Pyramid (BoP) did the company reach in its value chain after the first year? And where in the value chain?
12. How many people in the Base of the Pyramid (BoP) did the company reach in its value chain last year? And where in the value chain? (If changed.)
13. What was the social impact after the first year?
14. What was the social impact last year?

Scale

15. What was the revenue after the first year?
16. What were the annual sales volumes after the first year?
17. What was last years' revenue?
18. What were last years' annual sales volumes?
19. What are your scaling-up plans for the next 6 months?
20. What are your scaling-up plans in 1 year?
21. What are your scaling-up plans in 3 years?

Aims business

22. Would you say the aims of scaling the company were expanding the number of customers, expanding the service, increasing income generated and/or have a social impact?
23. Are there other aims as well?

Market penetration

24. What is the company's current scale, i.e. how many does it reach?
25. What actions to achieve this kind of market penetration have been used?
(E.g. replication and diffusion of the business model on other locations or with other sister companies, increasing operations and driving demand by anticipating on peoples' needs.)
26. What is approximately the timeline of this?

Market development

27. In how many markets is the company currently working?
28. How did the company achieve to reach those markets?
(E.g. geographical expansion, partnerships, new customer market, umbrella-brand marketing and community outreach by using for instance partnerships.)

- 29. What is approximately the timeline of this?
- 30. Did the company do anything else to increase the number of customers?

Product development

- 31. Has the product/service been developed over time?
- 32. How did this take place?
(E.g. continuous improvement, incremental or radical improvements and the use of (innovative) technology to improve the product.)
- 33. What is approximately the timeline of this?

Diversification

- 34. Did diversification of products/services take place?
- 35. Of what does the diversification consist?
(E.g. new activities, products and/or services, horizontal diversification, where the same customers are satisfied, and conglomerate diversification, where the business moves into businesses which are not related to the firm's present businesses, either through technology or market needs (Ansoff, 1988). One could think of acquisitions to achieve this, which is also mentioned by the OECD (2018) as a possible factor to help achieve scaling for SMEs.)
- 36. What is approximately the timeline of this?
- 37. Did the company do anything else to expand the service?

Increasing income per revenue stream

- 38. To increase the generated income, has this been done by increasing income per revenue stream?
- 39. How was this done?
(E.g. increasing productivity, in case the business model is based on mass production as this reduces costs per item made, or efficiency of organisation.)
- 40. What is approximately the timeline of this?
- 41. Did the company do anything else to increase the generated income?

Diversifying revenue streams

- 42. To increase the generated income, has this been done by diversifying revenue streams?
- 43. How was this done?
(E.g. diversifying sources of grants, the use of for instance different microloan strategies for different levels of poverty and developing multiple customer streams (e.g. manufacturing inhouse and not only using that product for own end product/service, but also sell the part or product to other customers).)
- 44. What is approximately the timeline of this?
- 45. Did the company do anything else to diversify revenue streams?

“Wrap”

- 46. Are there success factors that have not been mentioned yet during the interview?
- 47. Are there barriers/limiting factors/failures during the whole scaling process, that have not been mentioned yet during the interview?

9.3 Sample businesses and experts interview overview

Table 6. Overview sample businesses.

SME/MNE	Business	Contact person	Interview
SME A	Coffee beans and coffee attributes	Co-founder	55 mins (first interview) 18 mins (update 2021)
SME B	Natural detergents and cosmetics	Impact manager	70 mins
SME C	Water filters, food packaging and PPE	Director of engineering	88 mins (first interview) 30 mins (update 2021)
MNE A	doTerra – essential oils	n/a	n/a
MNE B	BarryCallebaut - chocolate	n/a	n/a
MNE C	OLVEA - cosmetics	n/a	n/a

Table 7. Overview experts.

Coding	Description	Interview
Expert A	Inclusive business owner	55 mins
Expert B	Senior research fellow	95 mins (dual interview, thus not exclusive to author)

9.4 Scaling overview SME A

Table 8. Scaling overview SME A.

Scaling aims	Scaling methods	Scaling actions per year											
		2012		2013		2014	2015	2016		2017	2018		2019
Increasing the number of customers/users of a offer/service	Market penetration	Diffusion of model <ul style="list-style-type: none">• Cold calling Partnership <ul style="list-style-type: none">• Local organisation to help issue microcredits 40-50 BoP people impacted 500 kilos roasted coffee	Diffusion of model <ul style="list-style-type: none">• Start use of social media							4000-5000 BoP people impacted			36,000 kilos roasted coffee
	Market development				Partnerships <ul style="list-style-type: none">• Local bank Rwanda: start issuing microcredits	Geographical expansion <ul style="list-style-type: none">• Belgium				Geographical expansion <ul style="list-style-type: none">• Germany			
Expanding the offer/service with a social impact	Product development					Incremental improvement <ul style="list-style-type: none">• Packaging	Radical improvement <ul style="list-style-type: none">• Import of own coffee beans						
	Diversification			New products <ul style="list-style-type: none">• Expansion to 5 coffee varieties		New products <ul style="list-style-type: none">• Coffee machines		New Service <ul style="list-style-type: none">• Lease of coffee machines/ maintenance		New products <ul style="list-style-type: none">• Import of green coffee beans			
Sustain the social business economically	Increasing income generated	2012	2013	2014	2015	2016	2017	2018	2019	2020			
	Increasing revenue per stream	Increase in productivity											
	Diversifying revenue streams	Interest microcredits				Additional customer stream <ul style="list-style-type: none">• Coffee machines		Additional customer stream <ul style="list-style-type: none">• Lease of coffee machines/ maintenance	0% scaling loan	Additional customer stream <ul style="list-style-type: none">• Import of green coffee beans			

9.5 Scaling overview SME B

Table 9. Scaling overview SME B.

Scaling aims	Scaling methods	Scaling actions per year									
		2013	2014	2015	2016	2017	2018	2019	2020		
Increasing the number of customers/users of a offer/service	Market penetration	Diffusion of model • Sales through network founders 3 products	Diffusion of model • Sales through local stores	Driving demand • Addition of liquid detergent, not only shells	Diffusion of model • Sales throughout the Netherlands local stores/ supermarkets Availability in 600 stores	Diffusion of model • Marketing/ social media • Sales through largest Dutch supermarket		Diffusion of model • Sales through online supermarket Availability in 2500 stores Driving demand • Handsoap launch right before Covid-19 outbreak	Availability in 4500 stores		
	Market development				Geographical expansion • Belgium Partnership • Focused products through new distribution channel Dutch national lottery	Partnership • Focused products through new distribution channel largest Dutch supermarket	Geographical expansion • Local stores in Germany	80-90 BoP people impacted	Geographical expansion • Full expansion to Germany through large drugstore		
Expanding the offer/service with a social impact	Product development			Radical improvement Partnership • Switch to liquid detergent • Chemical partner to produce liquid	Continuous improvement • Detergent contents	Radical improvement • Packaging		Innovative technology • To make an all-naturel fabric softener			
	Diversification					New products • All purpose cleaners	New products • Dishwashing liquids	New products • 19 products in total Conglomerate and horizontal diversification • Handsoap launch/ entering cosmetics			
Sustain the social business economically	Increasing income generated	2013	2014	2015	2016	2017	2018	2019	2020		
	Increasing revenue per stream				Efficiency of organisation • Arrival of employees/ skills/ distribution tasks						
	Diversifying revenue streams		Microloans		Partnership • Dutch national lottery	Crowdfunding • For dishwashing liquids	Bank loan				

9.6 Scaling overview SME C

Table 10. Scaling overview SME C.

Scaling aims	Scaling methods	Scaling actions per year				
		2016	2017	2018	2019	2020
Increasing the number of customers/users of a offer/service	<u>Market penetration</u>	Diffusion of model <ul style="list-style-type: none"> • Door to door sales Bangladesh Driving demand <ul style="list-style-type: none"> • Office in Bangladesh • 20L water fit with 20 L bottles already in use to catch water 		100-150 water filter per week sold	Diffusion of model <ul style="list-style-type: none"> • 200-300 water filters per week sold 	Diffusion of model <ul style="list-style-type: none"> • Sales through local stores and pharmacies Driving demand <ul style="list-style-type: none"> • PPE Increasing operations <ul style="list-style-type: none"> • Sales volumes filters? • Sales volumes PPE?
	<u>Market development</u>	Community outreach <ul style="list-style-type: none"> • Through local BoP people 			Partnership <ul style="list-style-type: none"> • Columbia University 	Geographical expansion <ul style="list-style-type: none"> • Nepal water filters • Vietnam, Mexico, Brazil, Partnership <ul style="list-style-type: none"> • With BRAC people • Local stores
Expanding the offer/service with a social impact	<u>Product development</u>	Innovative technology <ul style="list-style-type: none"> • Water filter Continuous improvement <ul style="list-style-type: none"> • Various aspects water filter 	Continuous improvement <ul style="list-style-type: none"> • Water filter (material changes) 	Continuous improvement <ul style="list-style-type: none"> • Funnel (lid added) 		Continuous improvement <ul style="list-style-type: none"> • Funnel (flow) Incremental innovation <ul style="list-style-type: none"> • Use of material on PPE face mask and food packaging
	<u>Diversification</u>					New products <ul style="list-style-type: none"> • PPE face mask • Food packaging Conglomerate diversification
Sustain the social business economically	<u>Increasing income generated</u>					
	<u>Increasing revenue per stream</u>	Increase in productivity <ul style="list-style-type: none"> • Cost reduction 		Efficiency of organisation <ul style="list-style-type: none"> • Arrival of employees/ skills/ distribution tasks • Partnership with Unilever 	12 employees	Increase in productivity <ul style="list-style-type: none"> • Cost reduction US coater • 25 employees
	<u>Diversifying revenue streams</u>			Grant <ul style="list-style-type: none"> • Unilever 	Scaling grant <ul style="list-style-type: none"> • Bangladesh 	Two additional customer streams for PPE <ul style="list-style-type: none"> • B2B packaging Government funding <ul style="list-style-type: none"> • Due to Covid-19

9.7 Scaling overview MNE A

Table 11. Scaling overview MNE A.

Scaling aims	Scaling methods	Scaling actions per year						
		2014	2015	2016	2017	2018	2019	2020
Increasing the number of customers/users of a offer/service	<u>Market penetration</u>	Replication of model <ul style="list-style-type: none">China office opens	Replication of model <ul style="list-style-type: none">Singapore office opens	Replication of model <ul style="list-style-type: none">Canada office opens Increasing operations <ul style="list-style-type: none">Own distillation of products	Replication of model <ul style="list-style-type: none">Malaysia, Costa Rica and New Zealand offices open			
	<u>Market development</u>	Umbrella brand marketing	New distribution channel <ul style="list-style-type: none">Product center Utah			Geographical expansion <ul style="list-style-type: none">Brazil, Russia, Ecuador and Guatemala	New distribution channel <ul style="list-style-type: none">Product center Alaska Geographical expansion <ul style="list-style-type: none">Colombia, Philippines and South Africa	
Expanding the offer/service with a social impact	<u>Product development</u>	Continuous improvement				Continuous improvement <ul style="list-style-type: none">Clinical trials		
	<u>Diversification</u>		New products Horizontal diversification				New service <ul style="list-style-type: none">Clinic for employees opened New products Conglomerate and horizontal diversification	New products Horizontal diversification
Sustain the social business economically	Increasing income generated	2014	2015	2016	2017	2018	2019	2020
	<u>Increasing revenue per stream</u>		Efficiency of organisation <ul style="list-style-type: none">Headquarters for employees and manufacturing ready	Increasing productivity <ul style="list-style-type: none">Distillation plant Esseterre in Bulgaria opens	Efficiency of organisation <ul style="list-style-type: none">Expansion headquarters			
	<u>Diversifying revenue streams</u>			Public-private partnership <ul style="list-style-type: none">CHOICE Humanitarian for earthquake resilient schools in Nepal		Childcare facility Health clinic <ul style="list-style-type: none">Utah	Health clinic <ul style="list-style-type: none">For employees Partnership <ul style="list-style-type: none">Oncology clinic with healthcare center	

9.8 Scaling overview MNE B

Table 12. Scaling overview MNE B.

Scaling aims	Scaling methods	Scaling actions per year									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Increasing the number of customers/users of a offer/service	Market penetration	M&A • Acquisition of remaining 40% stake of business in Malaysia	Increasing operations • Acquisition of a US chocolate decorations manufacturer	Increasing operations • Chocolate factory in Turkey • Chocolate factory in Mexico Partnership • Chocolate factory in Indonesia (Joint Venture)	Increasing operations • Chocolate factory in Japan • Chocolate factory in Chile M&A • Acquisition of remaining 51% stake of business in Africa		Increasing operations • Acquisition of a Belgian chocolate production facility • Chocolate factory in Indonesia	Increasing operations • Acquisition of an Italian chocolate decorations manufacturer • Acquisition of a US chocolate decorations manufacturer	Increasing operations • Acquisition of a UK biscuit manufacturer • Chocolate factory in Indonesia • Acquisition of a Russian chocolate producer	Increasing operations • Additional production line Singapore	Increasing operations • Acquisition of an Australian chocolate production facility
	Market development	Partnership • Outsourcing contract with chocolate company in Mexico	Partnership • Outsourcing contract with Unilever Mexico and Japan	Geographical expansion • Singapore				Geographical expansion • Global			
Expanding the offer/service with a social impact	Product development			Continuous improvement • Agricultural techniques education centre Côte d'Ivoire		Continuous improvement • Cocoa learning center at R&D Malaysia				Continuous improvement • Partnership with Dutch university	
	Diversification		New products • Nut products through M&A in Spain New Service • Education on nuts		New Service • Chocolate academy center in Belgium				New Service • Chocolate academy centers in China and Belgium		New Service • Chocolate academy center in the UK
Sustain the social business economically	Increasing income generated										
	Increasing revenue per stream	Efficiency of organisation • Development programs employees	Efficiency of organisation • Cocoa Horizons initiative Increase in productivity • Expansion gourmet business	Efficiency of organisation • Agricultural techniques education centre Côte d'Ivoire		Efficiency of organisation • Cocoa Horizons Foundation			Increase in productivity • Expansion gourmet business	Efficiency of organisation • Partnership with Dutch university	
	Diversifying revenue streams	Partnership • Outsourcing contract with Unilever Mexico and Japan	Additional new product line (nuts)					Partnership • With Ivorian and Ghanaian government			

9.9 Scaling overview MNE C

Table 13. Scaling overview MNE C, part 1.

Scaling aims	Scaling methods	Scaling actions per year						
		2007	2008	2009	2010	2011	2012	2013
Increasing the number of customers/users of a offer/service	Market penetration	Replication of model • OLVEA Burkina Faso Increasing operations						
	Market development							Umbrella-brand marketing New distribution channel • Unify subsidiaries into one Group • Trade unit OLVEA The Netherlands
Expanding the offer/service with a social impact	Product development	Continuous improvement • Laboratory OLVEA Morocco						
	Diversification	New products • Shea butter • Argan oil New service • Oil extraction unit Morocco Horizontal diversification	New service • Oil extraction unit Morocco Horizontal diversification	New products • Sesame Horizontal diversification				
Sustain the social business economically	Increasing income generated	2007	2008	2009	2010	2011	2012	2013
	Increasing revenue per stream	Efficiency of organisation • Philanthropic fund Increasing productivity	Efficiency of organisation • Marocavie Increasing productivity		Increasing productivity • Move headquarters to bigger location			Efficiency of organisation • Unify subsidiaries into one Group
	Diversifying revenue streams	Subsidiary added • OLVEA Burkina Faso Argan supply chain Shea supply chain		Sesame supply chain				

Table 13. Scaling overview MNE C, part 2.

Scaling aims	Scaling methods	Scaling actions per year						
		2014	2015	2016	2017	2018	2019	2020
Increasing the number of customers/users of a offer/service	<u>Market penetration</u>	Increasing operations • Fish oil deodorization plant Morocco		Increasing operations • Production plant Burkina Faso				
	<u>Market development</u>	New distribution channel • Trade unit OLVEA US						
Expanding the offer/service with a social impact	<u>Product development</u>			Continuous improvement • Laboratory OLVEA Burkina Faso				
	<u>Diversification</u>					New service • Eco refinery plant Conglomerate and horizontal diversification		New service • Tank farm Horizontal diversification
Sustain the social business economically	Increasing income generated	2014	2015	2016	2017	2018	2019	2020
	<u>Increasing revenue per stream</u>			Increasing productivity • Public-private partnership		Efficiency of organisation • CSR policy		Efficiency of organisation • MauritaVie Increasing productivity (Tens of thousands of people from the BoP impacted)
	<u>Diversifying revenue streams</u>			Public-private partnership • L'Oreal and NGO for cooking stoves	Public-private partnership • Yves Rocher			