



**POLITECNICO DI MILANO**

**DEPARTMENT OF MANAGEMENT, ECONOMICS AND INDUSTRIAL  
ENGINEERING**

**DOCTORAL PROGRAMME IN MANAGEMENT ENGINEERING**

---

**How Large European Companies can Develop Social Business at the Base of the  
Economic Pyramid**

Doctoral Dissertation of:  
**Claudio Di Benedetto**  
**821204**

Supervisor:

**Prof. Giovanni Azzone**

Tutor:

**Prof. Michela Arnaboldi**

The Chair of the Doctoral Program:

**Prof. Paolo Trucco**



# Abstract

This thesis aims to analyze how large European companies develop social business at the bottom of the economic pyramid (BOP). Recently there is growing awareness that social business is a promising model to alleviate social problems through the creation of new business models that pursue both profits and social impact (Austin and Reficco 2006; Thompson and MacMillan 2010; Yunus et al. 2010). These new hybrid entrepreneurial efforts should be of deep interest to large profit firms, which can create new business opportunities while contributing to the socio-economic development of contexts of deep poverty.

## Relevance of Social Business in the BOP Context

The base of the economic pyramid (BOP) is defined as the four billions people living with an annual income below \$3,260 in local purchasing power (London and Hart 2011). Despite BOP markets are heterogeneous in terms of geographic range and income level, on one hand are characterized by high levels of poverty and deprivation on the other represent a fast growing market with huge unmet needs. Recently, there is a growing awareness that profit companies should play a leading role to satisfy unmet needs and empower the entry of these populations in the formal market increasing their welfare, productivity and income (Anderson and Billou 2007; Karnani 2007, 2009; London and Hart 2004; Prahalad and Hammond 2002). We suggest that the concept of social business (SB) is, for companies, an innovative and promising model to satisfy unmet social needs and to experience new forms of value creation (Power and Wilson 2012; Seelos and Mair 2007; Yunus et al. 2010). Indeed, social business can be considered a proactive model to develop sustainable CSR programs that fully integrate the social dimension into the business as a strategic instrument to create economic and social value simultaneously (Austin and Reficco 2006; Porter and Kramer 2011; Power and Wilson 2012; Yunus et al. 2010). From a company perspective the social business can be defined as:

*“A new way of corporate social engagement where large companies start-up or expand a business venture created for a social purpose, with the aim of generate blended value through the development of “socially innovative activities”. It is managed with the financial discipline, efficiency and tools of a private sector business”.*

## The Research Problem

Despite the growing engagement of large companies in social business initiatives at BOP a comprehensive understanding of the diffusion of the phenomenon is still lacking. In particular, there are some aspects that can prevent the engagement of companies in SB at BOP. Indeed, different characteristics of the company can influence the engagement of companies in SB at BOP (Kolk and van Tulder 2006). However, unlike traditional CSR, in literature there is a relative paucity of information about the characteristics of companies engaging in social business at BOP. Indeed, it is not clear which types of companies are actually engaging in SB at BOP. In addition, in literature few studies have analyzed the social business configurations and they have mainly focused on cross-sector partnerships as a means to develop new social business models with the aim satisfy the needs of low income people (Dahan et al. 2010; Kolk et al. 2008; Seelos and Mair 2007). Despite cross-sector collaborations seem the most common form through which companies engage in social

business at BOP, it's worth noting that in theory there are a wide variety of possible social business configurations that may range from less strategic ones as philanthropic approaches to the most challenging ones as internal development or incubation. However, in literature, beyond few studies (Husted 2003; Power and Wilson 2012), social business configurations have been addressed only partially.

## **The Research Objective**

This research aims to contribute to the current debate mapping the state of the art of European companies doing SB at BOP. In particular, the research analyzes the diffusion and the key characteristics of European companies doing Social Business at BOP. Indeed, the research investigates how a number of company's characteristics influence the engagement of companies in SB at BOP. On the other hand to understand the role of companies in the development of social business, the whole spectrum of social business configurations through which companies create or expand SBs at BOP have been identified and classified.

## **Research Development:**

To achieve the research objectives, the study is articulated into four steps.

### First Step: Literature Analysis

According to the first objective of the research, the literature analysis was performed in order to identify the characteristics of companies that influence the engagement of companies in SB at BOP. In addition, through the literature analysis have been developed the hypothesis on whether and to which extent such characteristics are potential determinants of SB engagement. The following hypotheses and explorative research objectives have been formulated and tested:

- Hypothesis 1: Size positively influences the engagement of European companies in Social Business at BOP
- Hypothesis 2: Publicly listed companies are more likely than privately held companies, state-owned companies or subsidiaries to engage in social business at BOP.
- Explorative Research Objective 1: Understand whether and to which extent the belonging to Energy and Wash, Food and Beverage, Financial Services and Healthcare and Pharmaceuticals influences the engagement of companies in social business at BOP compared to companies operating in other sectors.
- Explorative Research Objective 2: Understand whether and to which extent the belonging to Germany, France, Switzerland, Italy and UK influences the engagement of companies in social business at BOP compared to companies belonging to other countries.
- Hypothesis 3: The Age of Membership (United Nation Global Compact) positively influences the engagement of European companies in Social Business at BOP
- Hypothesis 4: Companies with a Global Compact differentiation level equal to advanced are more likely to engage in social business at BOP compared to companies classified as active or learner.

According to the second objective, the literature review was useful to identify the appropriate research framework to analyze in detail the social business configurations developed by companies doing SB at BOP. The social business model developed by (Yunus et al. 2010) was chosen as a proper framework to achieve the second objective of the research.

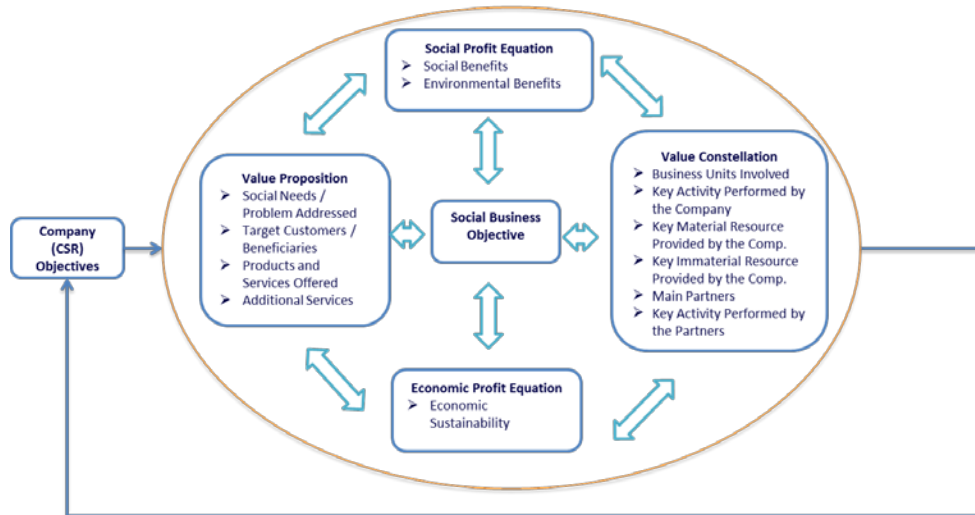


Figure 1 Social Business Model adapted from Yunus, et al., (2010)

### Second Step: Data Collection

The second step of the research consisted in the data collection accordingly to the research frameworks adopted. Data collection has been performed through the creation of a database. The database was created starting from the database of the United Nation Global Compact (UNGC), the world’s leading corporate responsibility program. Companies have been selected by 32 European countries. To create the database have been selected the member companies of the UNGC with more than 250 employees. The resulting sample amounts at 1745 companies from 30 countries. Once defined the sample, the researcher visited the website of each company to identify whether it does SB or not. A set of keywords have been used in order to identify companies doing SB by website analysis. As a result have been identified 111 companies that have engaged in SB at BOP. According to the first objective of the research (i.e. analyze how companies’ characteristics influence the engagement of companies in SB at BOP) for each company the following information have been collected.

Information Collected
<p><b>Information Collected on the UNGC Database:</b></p> <ul style="list-style-type: none"> <li>• Company Name</li> <li>• Sector</li> <li>• Country</li> <li>• Membership Date to UNGC</li> <li>• Ownership Type</li> <li>• Size (nº of Employees)</li> <li>• GC Differentiation Level (Advanced, Active, Learner)</li> </ul>
<p><b>Information Collected on the Company Website:</b></p> <ul style="list-style-type: none"> <li>• Name of the program Analyzed / CSR Section</li> <li>• Brief Description of the SB activities or CSR programs</li> <li>• Sources [links of the web site visited]</li> <li>• Date of the visit</li> </ul>

Figure 2 Data collected - full sample

On the other hand in order to achieve the second objective of the research (i.e. the classification of social business configurations) a company's form has been prepared prepared. Indeed, for companies doing SB at BOP a second round of data collection has been performed. In particular, data have been collected from the company's website and sustainability reports according to the variables of the social business model. As a result, the sample was reduced from 111 companies to 100 companies because not all companies provided the right amount of information needed to fill the form adequately. In annex the examples of company's form filled for each of the 100 SB initiatives selected.

Third Step: Data Elaboration:

The third step consisted in the elaboration of data collected. To achieve the first objective and in particular, to analyze the diffusion of the phenomenon and to profile EU companies engaged in social business at BOP, descriptive statistics have been elaborated. Instead, to understand if and to what extent companies' characteristics influence the engagement of companies in SB at BOP a logistic regression has been performed. Results show that the companies engaged in SB at BOP are characterized by the following features

<b>Company Characteristics:</b>	<b>Values positively associated to the engagement in SB at BOP</b>
<b>Size</b>	Large Companies
<b>Sector</b>	Energy and Wash, Financial Services, Food and Beverage and Healthcare and Pharmaceuticals
<b>Country</b>	Switzerland, Italy, Germany, France and UK
<b>Age of Membership</b>	Old Members of the UNGC
<b>GC Differentiation level</b>	Advanced CSR Practices

Table 1 Characteristics of Companies Doing SB at BOP

On the other hand to analyze the role of large companies in the development of social business at BOP and to classify the social business configurations they have developed, the first task performed was the coding of data. Indeed, to achieve the second objective, data have been collected according to the social business model (only for companies doing SB at BOP) from the companies' website or from the sustainability reports and are qualitative in nature. Therefore the researcher has coded, the information collected, in categorical variables in order to operationalize them. The coding structure is reported below.

<b>Variables:</b>	<b>State 1</b>	<b>State 2</b>	<b>State 3</b>	<b>State 4</b>
<b>Objectives of the Social Business</b>	Unemployment and Local Entrepreneurship	Financial Inclusion	Support SEs or MdOs	Access to Basic Services
<b>Elements of the Social Business Model</b>				
<b>Social Problem or Needs Addressed</b>	Lack of Financial Resources	Lack of financial Resources and/or Skills	Final Beneficiary Needs	

<b>Target Customer / Beneficiaries</b>	Mission Driven Organizations (MdOs)	Social Enterprises (SEs)	Final Beneficiaries	
<b>Products and Services Offered</b>	Grant or In-kind Donation	Loan or Equity and strategic Support	Products, services, tech or specific expertise to final beneficiaries	
<b>Business Units Involved</b>	Corporate Foundation	CSR / Sustainability Unit	Dedicated Unit / Organization	
<b>Key Activity Performed by the Company</b>	Funding Activities	Funding Activities and Support activities	Involved in the development of the SB	
<b>Key Material Resource Provided</b>	Donations	Funds in form of investment	Funds and Company Product or Technology	
<b>Key Immaterial Resource Provided</b>	Competences and Skills	None		
<b>Main Partners</b>	MdOs	SEs	Multi-Stakeholders	None
<b>Key Activity Performed by the Partners:</b>	Management of the SB	Provide Funds and/or Support Services	Co-design and co-development of the SB	Not Relevant
<b>Economic Sustainability</b>	No (Company cover costs)	Partially (company cover part of the costs)	Yes (the program is sustainable)	

Table 2 Coding Structure

Subsequently, to understand the role of companies in the development of social business and to classify the social business collaborations developed by companies a multiple correspondence analysis and a cluster analysis has been performed. For detailed information about the analysis performed see section 6.3 about the Method.

#### Fourth Steps: Classification of Social Business Configurations

The fourth step consisted in the development of a model that classifies the whole spectrum of social business configurations resulting from the cluster analysis. Such configurations are classified, according to the level of engagement of the company in the development of the SB, in order to provide a complete picture of the different social business configurations companies may adopt to develop SB at BOP. In particular, have been identified seven SB configurations.

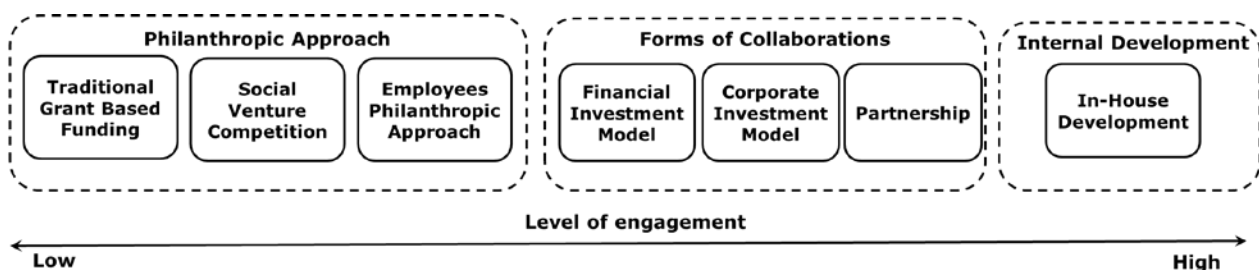


Figure 3 Classification of Social Business Configurations

## **The thesis Contribution**

The research contributes to broaden the validity of existing CSR theory to the context of social business and adds new original findings to the social business literature. Indeed, the thesis can extend the current literature from different points of view. First, the thesis represents one of the first attempt to quantitatively map the state of the art of European companies doing SB at BOP, in order, to outline the diffusion and the characteristics of such emerging phenomenon. Second, as stated by (Kolk and van Tulder 2006) different characteristics of the company can influence its business approach to the BOP. However, unlike traditional CSR, in literature there is a relative paucity of information about the characteristics of companies engaging in social business at BOP. Therefore, the research broaden the validity of existing CSR literature to the context of social business pointing out whether and to which extent a number of companies' characteristics influence the engagement of companies in SB at BOP. Third, in literature few studies have analyzed the role of large companies in the development of SB at BOP, beyond a strict focus on cross-sector partnerships. The research analyzing and classifying the whole spectrum of social business configurations that firms can develop shed additional light on this emerging phenomenon.

## **Limitation and Further Researches**

The main limitation of the research is related to the sample selection (see section 4.2 Database Creation). However, the database was created starting from the database of the United Nation Global Compact (UNGC) the world leading CSR program that includes the most prominent companies at European level. Analyze large companies engaged in an international recognized CSR program is consistent with the fact that the phenomenon of the SB as an advanced CSR model is still in an emerging phase. Indeed, we can assert that results are generalizable and are representative of companies actively engaged in CSR. Further researches are needed to support results related to companies' characteristics. Indeed, the dynamic of some variables are not fully understood and further researches can better explain the dynamic of such determinants. Furthermore, would be interesting to replicate the study in other geographic region such as the USA and assess the differences. Further researches can be very promising also in explaining the evolution of companies' approaches to SB at BOP. Indeed, has been observed that companies are evolving their approaches toward more "engaging configurations". Would be interesting to analyze whether a "timing effect" exists, and so if companies, once have gained experience in the SB, are more prone to develop "high engaging" configurations. Finally, further researches are needed to further develop the analysis of companies' objectives. Indeed, companies do not clearly state their objectives in the website or in the public reports as a results, a survey approach would be very useful to understand the relation between objectives and SB configurations even if get a significant sample's size can be problematic. Another interesting approach would be to develop in depth case studies to analyze the relation between objectives, social business configurations and returns achieved, in few but significant cases.



# Index

<b>I.</b>	<b>Context .....</b>	<b>14</b>
1.	<b>Corporate Social Engagement.....</b>	<b>14</b>
1.1	Origin of Corporate Social Engagement .....	14
1.2	Evolution of Corporate CSR Practices .....	15
1.3	The Role of cross-sector Collaborations .....	17
1.4	Definition and key characteristics of social business .....	19
1.5	Social Business as an advanced form of strategic CSR .....	21
2.	<b>BOP Context: .....</b>	<b>22</b>
2.1	BOP Markets, definition, key characteristics and social challenges .....	22
2.2	BOP as a New Business Opportunity .....	23
2.3	BOP Principles .....	26
2.4	Relevance of SB in the BOP context .....	28
<b>II.</b>	<b>Research Objectives and Methodology .....</b>	<b>31</b>
3.	<b>Research Problem and Objectives .....</b>	<b>31</b>
3.1	Research Problem.....	31
3.2	Objectives of the Research.....	37
4.	<b>Research Articulation .....</b>	<b>39</b>
4.1	Research Steps .....	39
4.2	Data Base Creation.....	41
<b>III.</b>	<b>How Large European Companies Develop SB at the Base of the Economic Pyramid .....</b>	<b>46</b>
5.	<b>Diffusion and the key characteristics of European companies doing SB at BOP .....</b>	<b>46</b>
5.1	Analyze the diffusion of the phenomenon .....	46
5.2	Profile of European companies engaged in SB at BOP .....	49
5.3	How companies' characteristics influence the engagement in SB at BOP .....	54
5.3.1	Hypothesis Development .....	54
5.3.2	Sample.....	58

5.3.3	Empirical Model.....	58
5.3.4	Results .....	59
<b>6.</b>	<b>Analysis of Social Business Configurations.....</b>	<b>64</b>
6.1	Literature Review.....	64
6.2	Research Framework.....	65
6.3	Method .....	69
6.4	Results .....	78
6.4.1	Analysis of the characteristics of the Social Business .....	78
6.4.2	Results Multiple Correspondence Analysis and Cluster Analysis .....	83
6.4.3	Analysis of SB Configurations according to the latent Factors .....	85
6.4.4	Model Definition: Classification of Social Business Configurations.....	90
6.4.5	Post Cluster Analysis .....	99
<b>7.</b>	<b>Discussion .....</b>	<b>102</b>
7.1	Diffusion of the phenomenon.....	102
7.2	Effects of Company' Characteristics on SB Engagement.....	102
7.3	Social Business Configurations.....	104
7.4	The Social Business is related to the Core Business .....	107
7.5	Companies' Objectives .....	107
7.6	BOP Principles and Social Business Configurations .....	108
<b>8.</b>	<b>Conclusion.....</b>	<b>111</b>
8.1	The issue.....	111
8.2	The academic Contribution .....	112
8.3	The Managerial Contributions .....	112
8.4	Limitations and Further Research .....	113
	<b>Annex 1: Sector Classification.....</b>	<b>115</b>
	<b>Annex 2: Company's Form.....</b>	<b>118</b>
	<b>Annex 3: Companies Characteristics by Cluster.....</b>	<b>134</b>
	<b>References: .....</b>	<b>139</b>

## Index of Figures

Figure 1 Social Business Model adapted from Yunus, et al., (2010) .....	5
Figure 2 Data collected - full sample.....	5
Figure 3 Classification of Social Business Configurations .....	7
Figure 4 Research Steps .....	39
Figure 5 Geographic Distribution of member companies of the UNGC.....	43
Figure 6 Geographic Over / Under Representation .....	43
Figure 7 Company distribution by type of social activities .....	46
Figure 8 Distribution of Companies Doing SB at BOP.....	47
Figure 9 Geographic Distribution of n° of employees working for companies engaged in SB at BOP.....	48
Figure 10 Average N° of Employees.....	50
Figure 11 Companies Distribution by Ownership Type.....	51
Figure 12 Variation of companies' proportion (%) between the UNGC sample and the sample of companies doing SB at BOP .....	52
Figure 13 Social Business Model - adapted from Yunus et al., (2010).....	66
Figure 14 Classification of Companies' Objectives.....	67
Figure 15 Multiple Correspondence Analysis .....	75
Figure 16 Cluster Analysis .....	76
Figure 17 Tuckey Test.....	77
Figure 18 Scheffè Test.....	77
Figure 19 Needs Addressed.....	78
Figure 20 Target Customer / Beneficiaries.....	78
Figure 21 Product and Services .....	79
Figure 22 Business Unit Involved .....	79
Figure 23 Key Activity performed by the Company .....	80
Figure 24 Key Material Resources Provide by Companies.....	80
Figure 25 Key Immaterial Resources provided by Companies .....	80
Figure 26 Key Partner .....	81

Figure 27 Key Activity Performed by the Partner.....	81
Figure 28 Economic Sustainability.....	82
Figure 29 Companies Plot.....	84
Figure 30 Variables Plot.....	84
Figure 31 Factors Means - Traditional Grant based Funding.....	85
Figure 32 Dendogram Cluster Analysis.....	86
Figure 33 Factors Means – Social Venture Competition.....	87
Figure 34 Factors Means - Employees Philanthropic Approach.....	87
Figure 35 Factors Means - Financial Investment Model.....	88
Figure 36 Factors Means - Corporate Investment Model.....	88
Figure 37 Factors Means - Partnership.....	89
Figure 38 Factors Means - Internal Development.....	89
Figure 39 Classification of Social Business Configurations.....	90
Figure 40 Company Distribution by Cluster.....	100
Figure 41 Companies' Distribution by Macro Configurations.....	100
Figure 42 N° of companies by cluster.....	134
Figure 43 N° of Employees by cluster.....	134
Figure 44 Age of Membership to the UNGC by Cluster.....	134
Figure 45 Companies Characteristics - Traditional Grant Based Funding.....	135
Figure 46 Companies Characteristics - Social Venture Competition.....	135
Figure 47 Companies Characteristics - Employees Philanthropic Approach.....	136
Figure 48 Companies Characteristics - Financial Investment Model.....	136
Figure 49 Companies Characteristics - Corporate Investment Model.....	137
Figure 50 Companies Characteristics - Partnership.....	137
Figure 51 Companies Characteristics - In House Development.....	138

## Index of Tables

Table 1 Characteristics of Companies Doing SB at BOP.....	6
Table 2 Coding Structure.....	7
Table 3 Sample Selection (UNGC Company List).....	42
Table 4 Companies Distribution by Quartile.....	50
Table 5 Companies Distribution by Sector.....	52
Table 6 Descriptive Statistics Continuous Variables.....	59
Table 7 Summary Table Dummy Variable.....	60
Table 8 Correlation Matrix .....	61
Table 9 Logistic Regression .....	61
Table 10 Characteristics of Companies Doing SB at BOP.....	63
Table 11 - Company's Form – Osram Case.....	72
Table 12 Coding Structure.....	73
Table 13 Cophenetic Coefficient.....	75

# I. Context

## 1. Corporate Social Engagement

### 1.1 Origin of Corporate Social Engagement

The companies' involvement in social activities and the idea that they have responsibilities beyond profits maximization are not new concepts. Indeed, examples of companies engaging in activities related to their social sphere can be dated back to nineteenth century. However, only since the second half of twenty century the concept of corporate social responsibility (CSR) has been extensively discussed and studied among academics. Indeed, it is widely shared that the beginning of the modern concept of corporate social responsibility (CSR) is associated with the publication of Bowen (1953), *the social responsibilities of the businessman* (Carroll 2008; Lee 2008). Since then, the literature on the topic has significantly grown and multiple approaches and theories have been developed leading to different definitions and terminology (Garriga and Mele 2004). Matten (2006) argues that the term CSR is mainly used among academics to define philanthropic initiatives undertaken by enterprises. Over time were developed overlapping concepts such as corporate philanthropy and corporate citizenship (CC). Matten (2006), in its review, argues that the term CC was coined by practitioners and is preferred in business world because emphasizes the role of companies as "good corporate citizens" creating a sense of membership in the community, but basically encompasses the same initiatives defined by academics under the label of CSR (Lee 2008; Waddock 2004). A rich analysis of the evolution of definitions and approaches to corporate social responsibilities are provided by Carrol (1999; 2008) and Garriga and Mele (2004). In a recent study about how CSR is defined, Dahlsrud (2008) found 37 definitions of corporate social responsibility confirming the abundance of attempts to formalize the concept. Probably the most established and accepted definition of CSR has been proposed by Carroll: "*The social responsibility of business encompasses the economic, legal, ethical, and discretionary [philanthropic] expectations that society has of organizations at a given point in time*" (Carroll 1991). In Carroll and Shabana (2010) definition, legal responsibilities refer to the obligations in terms of laws and regulations that companies must comply with. Economic responsibilities refer to the capacity of companies to produce and sell profitably products and services needed by society. The ethical / philanthropic responsibility refers to social actions that companies can voluntarily act to improve the social context in which they operate (Carroll and Shabana 2010). According to Carroll and Shabana (2010) the four responsibilities are in some way hierarchical, indeed, legal and economic responsibilities are required by society, ethical responsibilities are expected and philanthropic responsibilities are desired. Therefore, the idea is that companies have to engage in social activities beyond the economic and legal requirements. Indeed, the core of the CSR is represented by the ethical and the philanthropic dimension, through which companies can make voluntary contributions to society in order to improve the social context in which they operate.

It's worth noting that in recent years many authors have analyzed the behavior of companies in the field of social responsibility and Zadek (2004) has identified five phases that companies go through when develop a sense of social responsibility. According to Zadek (2004) the process is characterized by five stages and can be seen as an organizational learning process where the company moves from the initial stage of avoiding responsibility (defensive stage) to the final one

where it advocates for a wider involvement of the industry in social responsibility (Civil Stage). In the defensive stage companies try to avoid responsibilities and critics by denying negative effects of the business or their relation with company practices. In the compliance stage a company sets a specific CSR policy to protect reputation and avoid litigation, but is still seen as a cost of doing business. In the managerial stage the company realizes that is facing a long term problem, consequently provides core business managers with responsibility and tools to implement responsible business practice. In the strategic stage companies try to harness the potential synergies between social responsibility and the core business to achieve a competitive advantage. Finally, in the civil stage companies advocates the collective involvement of the industry to address common social issues that may affect the long-term success of the business (Zadek 2004).

## **1.2 Evolution of Corporate CSR Practices**

It's worth noting that many authors witness an evolution of CSR practices performed by companies (Porter and Kramer 2002, 2006; Spitzeck et al. 2013; Spitzeck and Chapman 2012). Porter and Kramer (2002) argue that they shift from reactive approaches based on mitigation and reduction of negative externalities of business activities to proactive approaches aimed at valorize and exploit the positive link between business and society (Carroll and Shabana 2010; Porter and Kramer 2002, 2006; Zadek 2004). Porter and Kramer (2006) in their work stressed the positive relationship between social issues and economic value creation. They assert that philanthropic activities may create long term value for the firm only if planned as "strategic social investments", aimed at integrating companies' practices and the social context in which it operates (Porter and Kramer 2006). Despite the growing involvement of companies in CSR, Austin and Reficco (2009) maintain that most firms have not been able to significantly integrate the CSR into their organizations and it remains peripheral to the business activity. Indeed, most of CSR programs currently implemented by companies fall under the label of corporate citizenship (CC) (or philanthropy). Such initiatives are developed by companies to fulfill the evolving expectations and social concerns of stakeholders (Matten 2006). Indeed, under the umbrella of corporate citizenship companies usually develop three main type of actions: (1) provide resources, in forms of monetary or in-kind donations, to support civic, educational or cultural organizations in order to improve local social conditions; (2) provide resources to promote social activities favored by employees, customers or community leaders in order to improve stakeholders relationships; (3) undertake programs to mitigate / reduce the negative externalities of business activities on the local community (Porter and Kramer 2006). Such programs usually represent the reaction of companies to the external pressure of stakeholders or civil society organizations that claim for a stronger social responsibility. Therefore, CC programs are focused on generic social issues raised by stakeholders that are unrelated or partially related to the company business and are seen as a cost of doing business. As results companies implement fragmented and unfocused philanthropic activities that create moderate social impact and business benefits (Porter and Kramer 2006).

Some authors have recently developed new frameworks to promote a broader and deeper commitment of firms into the social area. Such approaches analyze how companies should integrate social issues into the core business as a strategic instrument to create economic and social value simultaneously (Austin and Reficco 2009; Porter and Kramer 2011; Saul 2011; Spitzeck et al. 2013;

Spitzeck and Chapman 2012). An emerging framework that represents an evolution of CC is the strategic corporate social responsibility (CSR). The strategic CSR is based on the idea that companies should positively harness the interdependence between the company and the society. Porter and Kramer (2006) identify two main types of interdependences the so-called inside-out and outside-in linkages. Inside-out linkages refer to the positive or negative externalities created by the company operations on the local community. Outside-in linkages refer to the impact that social conditions of the competitive context may have on companies long term strategies. Indeed, the social context in which companies compete strongly affects their long term success (Porter and Kramer 2006). The underlying idea is that *“successful corporations need a healthy society and at the same time a healthy society needs successful corporations”* (Porter and Kramer, 2006 pp.5). As a result companies should focus their CSR efforts only on few initiatives that produce large and distinctive social and business benefits. The attention should be focused on both inside-out and outside-in linkages in order to develop a proactive CSR approach aimed at valorize the positive link between business and society.

According to this strategic vision of CSR some authors have proposed new approaches to promote a higher and deeper involvement of companies in social activities in order to create social and economic value simultaneously. Probably the most known framework is the shared value approach developed by Porter and Kramer (2011). It is defined as *“policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress”* (Porter and Kramer 2011, pp.6). Indeed, the shared value (SV) is based on the idea that a company should create *“economic value in a way that also creates value for society by addressing its needs and challenges”* (Porter and Kramer 2011, pp.4). Underlining the potential synergies between the company long term success and the social context in which it competes, the shared value creation asks companies to satisfy unmet social needs and strengthen the weaknesses of society in order to increase the competitive advantage. Austin and Reficco (2009) to promote an organizational transformation of companies into more powerful actors of social value creation introduced the concept of corporate social entrepreneurship (CSE) (Austin and Reficco 2009). Indeed, according to Austin and Reficco (2009) the very purpose of corporations should *“migrate from one of maximizing returns to investors to optimizing returns to stakeholders”*(Austin and Reficco 2006, pp.5). From this point of view CSE asks companies to integrate a social value creation strategy into the core business to make financial and social returns complementary and synergic rather than competing. Gates (2008) introduced the concept of creative capitalism to answer the following question: *How can we most effectively spread the benefits of capitalism and the huge improvement in quality of life it can provide to people who have been left out?* (Gates 2008, pp.31). In other words creative capitalism claims for a deeper and systematic involvement of companies in solving complex social problems such as poverty migration or unemployment. Gates (2008) argues that companies have to leverage their own expertise and resources in new ways to satisfy unmet social needs, while making a profit. The concept of creative capitalism has been developed with a special focus on people living in poverty as a corporate approach to develop new products, services and business models to target poor people traditionally excluded by the market, while simultaneously generating new business opportunity for companies. Another concept appeared on the scene in recent years is the Corporate Social Innovation (CSI). According to Saul (2011) *“[corporate] social innovation is about*



*innovating creative, market-based solutions to social problems that result in high-growth, profitable business opportunities*” (Saul, 2011 pp.80). Herrera (2015) defines corporate social innovation as “*a measurable, replicable initiative that uses a new concept or a new application of an existing concept to create shareholder and social value*”(Herrera, 2015 pp.1469). The challenge is to advance corporate goals while creating social value through innovative activities. In other words, corporate social innovation has the aim of creating economic value through positive social change (Saul 2011).

The common point of the (above mentioned) advanced CSR strategies is to overcome the narrow view of short-term profit maximization, introducing strategic approaches to value creation where social and economic value are seen as synergic and interdependent.

### **1.3 The Role of cross-sector Collaborations**

It is worth noting, that CSR programs are very often developed in collaborations with mission driven organizations (MdOs) such as nonprofits, NGOs, social enterprises or public bodies depending on the specific social issues addressed. The motivation lies in the fact that CSR programs have the aim of satisfy unmet social needs or solve social problems (Alter 2007; Sakarya et al. 2012) and historically, the solution of social or environmental problems has been left to public and nonprofit organizations that through different programs have contributed to promote the social development of the contexts where they operate (Yaziji and Doh 2009). As a result they possess more advanced competences and skills than profit companies in dealing with social or environmental issues (Graf and Rothlauf 2012; London and Hart 2011; Rondinelli and London 2003). However, despite the efforts and the results achieved in terms of social development, recently there is growing awareness that profit companies can play a crucial role to deal with social problems of common interest (Graf and Rothlauf 2012). Indeed, is widely shared the necessity of promoting multidisciplinary collaborations to solve the most difficult and important social problems with the active involvement of actors belonging to not for profit, for profit and public sectors (Kahle and Ernst 2012; Phills et al. 2008; Power and Wilson 2012; Sakarya et al. 2012; Tasavori 2013). The growing of such collaborations can be explained by the complementary nature of their resources and their problem solving approaches (Graf and Rothlauf 2012)

In particular, from a resource based perspective companies create alliances to get access to complementary resources and strategic assets critical to their value creation strategies (Child et al. 2005; Kogut 1988). Some authors have investigated how large companies develop CSR programs and other social initiatives in collaboration with mission-driven organizations (MdOs) (Austin 2000; Austin and Seitanidi 2012; Brugmann and Prahalad 2007; Dahan et al. 2010; Sakarya et al. 2012). They assert that these two types of organizations possess complementary resources; therefore they form cross-sector collaborations in order to use more effectively the knowledge, capabilities and resources of partners with the aim of generating new value creation strategies to achieve both greater corporate profitability and stronger social impact (Rondinelli and London 2003). From this perspective, the resource based models outline that companies establish social collaborations in order to get access to resources they lack (or depend on) such as knowledge, information, partner’s assets, the experience and competences in developing solutions to social problems, skilled human resources and local networks. Resource based models explain that the main driver that push companies in creating social collaborations is the combinations of

complementary and synergic resources (Graf and Rothlauf 2012; Kolk et al. 2008; Rondinelli and London 2003; Sakarya et al. 2012).

From an institutional perspective, achieve legitimacy from local stakeholders can be a critical factor especially for a company that start its operations in a new business environment. Developing CSR programs may be an effective way to enhance the legitimization of the company in the eyes of stakeholders because they are perceived as high social value initiatives. However, the type of legitimacy and the specific targets or stakeholders to which a firm needs to appear legitimate depends both on its objectives and characteristics of the local context. According to Dacin et al. (2007), a company may establish (social) collaborations to satisfy different types of legitimacy needs. For companies operating in new business environment the need to achieve social, relational and / or market legitimacy seems crucial (Marano and Tashman 2012; Tasavori 2013). In order to increase the likely of achieve such legitimation large companies usually develop social collaborations with highly legitimated organizations, to get benefits from “legitimacy spillovers” and from the reputation of the partners (Kostova et al. 2008).

Parallel to CSR practices also the forms of collaboration between businesses and mission-driven organizations (MdOs), the main tool to implement CSR programs, have evolved (Austin and Seitanidi 2012). They have moved from philanthropic relationships, as defined by Austin (2000), where companies (donors) provide funds or in kind donations to the recipient (usually nonprofits), that then undertakes the social activity independently (proper of philanthropic approach), to more integrated forms, where both parties actively collaborate to achieve a common objective that benefits the company strategy and allow the social partner to accomplish with its mission. Despite many efforts have been made to accelerate the integration of the social dimension into the business strategy, most of companies remain stuck in the conventional framework, where for-profit companies focus only on economic value creation and nonprofit on social value creation (Wilson and Post 2013). But as noted by Wilson and Post (2013) and invoked by other authors, recently, a transformation has been emerged (Austin and Reficco 2009; Austin and Seitanidi 2012; Porter and Kramer 2011). Nonprofits organizations are approaching entrepreneurial solutions to solve social problems in order to overcome the ongoing reduction of donors’ funds and the increasing competition on their access, but also to enhance the efficiency and sustainability of their interventions (Dees 1998a). Vice-versa for-profit companies are recognizing the growing importance of integrate social themes into mainstream business practice in order to enhance their value creation strategy. Such transformation, in which corporations are seeking new strategies of social engagement and nonprofits are approaching entrepreneurial solutions in order to reduce their dependence on donors may find a convergence in the concept of social business (SB). Indeed, the concept of social business is based on the idea of transforming profits and wealth creation in a means by which the social entrepreneurs satisfy unmet social needs (Yunus 2007). As a result, the social business is a hybrid form that occupies a unique space within the economy at the intersection of profit business and traditional not for profit, blending market base approaches and non-market ones (Alter 2007; Defourny and Nyssens 2010; Yunus et al. 2010). From this point of view the social business can be considered a new way of doing business where the social dimension is totally integrated in the business and, as a consequence, it represents a promising strategy to develop new value creation strategies where social and economic value are synergic and complementary (Seelos and Mair 2007). For companies, the social business is an opportunity to develop new business

models that really integrate the social dimension into the business operation and for not for profit organizations is an opportunity to develop new development projects financially sustainable with high social impact.

#### **1.4 Definition and key characteristics of social business**

In 2007, a new entrepreneurial model defined as social business has been proposed by Muhammad Yunus in his book *A World without Poverty*. (Yunus 2007) in its book advocates that *“to make the structure of capitalism complete, we need to introduce another kind of business...If we describe our existing companies as profit maximizing businesses, this new kind of business might be called social business. Entrepreneurs will set up social businesses not to achieve limited personal gain but to pursue specific [social] goals (Yunus, 2007 pp.21).”* The concept of social business is based on the idea of develop market based business that are characterized by a primary social or environmental aim rather than economic or personal objective. Indeed, the concept of social business has the principal objective of creating social value through the solution of complex social problems such as malnutrition, poverty or climate change. The origin of the concept of social business is clearly stated by Yunus: *“whenever I wanted to deal with a social or economic problem, I tried to solve the problem by creating a business around it”* (Yunus, 2010 pp.17). In other words, the social business consists in the development of innovative market based solutions with the aim of satisfy unmet social needs while being financially sustainable. A wide interpretation of the concept of social business can conceptually include different terms and concepts that have been developed in literature by different authors. Indeed, the terms social entrepreneurship, social enterprise and social entrepreneur can be considered the key elements of the wider concept of social business. The term social entrepreneurship is probably the older concept related to this stream of literature and has been investigated for more than twenty years. Defourny and Nyssens (2008) observed that the term social entrepreneurship is often confused or used interchangeably with “social enterprise”. The author defines the relation between the notions as follow: a “social entrepreneur” through a process of “social entrepreneurship” creates a “social enterprise”. From this point of view, the notion of social enterprise is more focused on the organizational dimension, unlike the concept of social entrepreneurship refers mainly to the social innovative processes undertaken by the social entrepreneur. The innovative nature of the process of developing new social business initiatives is widely shared in literature. Phillips et al. (2008) argue that many social innovations to achieve their social aims imply the creation of *“new business models that can meet the needs of underserved populations more efficiently, effectively, and if not profitably, at least sustainably”* (Phillips et al. 2008 pp.41). From this point of view, the social business can be portrayed as a promising way to foster social innovation, through the development of innovative market based solutions (business models) for a social end (Leadbeater 2007; Wilson and Post 2013). Indeed, the concept of social business includes three different levels: individual, organizational and inter-organizational. Studies at the individual level refer to the social entrepreneurs, the founders of the social business and in particular emphasize its abilities, passion and experience. The organizational level refers to the concept of social enterprise or social venture, as organizational structure (Mair and Martí 2006). The inter-organizational level refers to forms of collaboration aimed at support the start-up or the expansion of existing social ventures, such as multidisciplinary partnerships or cross-sectors

collaborations. As a result we can interpret the concept of social business as the umbrella under which a process of social entrepreneurship developed by a social entrepreneur or more often by a multi-stakeholders partnership gives birth to a social enterprise.

Mair and Martí, (2006) identifies three key features of the process of social entrepreneurship: it is a process of creating value by combining resources in new ways, resource combinations are intended primarily to explore and exploit opportunities to create social value or meeting social needs and it involves the offering of services and products but can also refer to the creation of new organizations. These new organizations, as mentioned above, are social enterprises or social ventures, examples of social enterprises appear in different sectors such as microcredit, fair trade and co-operatives movement (Alter 2007). In the last years the international literature on social enterprise is developing significantly and also the number of SEs are rapidly increasing either in developed countries or in developing ones (Defourny and Nyssens 2008; Seelos and Mair 2005). Such fast growing of the phenomenon leads practitioners and academics to produce various definitions and approaches to the concept of social enterprise (Alter 2007). The concept of social enterprise is defined as *“any business venture created for a social purpose—mitigating/reducing a social problem or a market failure and to generate social value while operating with the financial discipline, innovation and determination of a private sector business”* (Alter, 2007 pp.12). It is worth noting that the different definitions in literature identify three common characteristics to the concept of social enterprise: enterprise orientation (market based), primary social aim (limited profit distribution) and social ownership (multi-stakeholder) (Alter 2007; Dees 1998b; Defourny and Nyssens 2010). From this point of view, the social enterprise is a subset of the wider concept of social business; it represents its organizational expression. As a result, the social business occupies an unique space within the economy at the intersection of profit business and traditional not for profit, blending market base approaches and non-market ones (Alter 2007; Defourny and Nyssens 2010; Yunus et al. 2010). This hybrid nature makes social business a multi-objective approach that may pursue with equal priority the economic objectives, social objectives and environmental objectives. Some authors argue that the growing practice of social business was initially promoted by not for profit organizations in order to achieve economic sustainability in times of scarcity of funds (either public or philanthropic) or an increasing competition on their access (Dees 1998a; Yaziji and Doh 2009). Whether a social business is configured as a not-for-profit or a for-profit depends on the particular business model and the specific social needs addressed (Mair and Martí 2006). Currently, there is a growing awareness about the necessity of promoting cross-sector partnerships to solve the most difficult and important social problems with the active involvement of actors belonging to not for profit, for profit and public sectors (Kahle and Ernst 2012; Phills et al. 2008; Power and Wilson 2012; Sakarya et al. 2012; Tasavori 2013). Alliances between non-profit organizations (NPOs) and businesses are increasing because corporations are seeking new strategies of social engagement with the local community to reach greater corporate relevance and higher social impact (Austin 2000; Austin and Seitanidi 2012; Rondinelli and London 2003) and non-profit organizations are looking for new revenue sources in order to reduce their dependence on external donations.

## 1.5 Social Business as an advanced form of strategic CSR

Despite, by definition, the concept of social business is based on the idea of transforming profits and wealth creation in a means by which satisfy unmet social needs, from a business perspective social business represents a great opportunity to develop sustainable CSR programs in which the company can play a key role (Power and Wilson 2012; Yunus et al. 2010). Indeed, companies can leverage their unique competences and resources in order to develop distinctive value proposition that simultaneously create social and economic value. If companies use the social business as a tool to implement strategic CSR programs they can increase their social impact and simultaneously their long term perspective of profitability and growth (Porter and Kramer 2011). From a company perspective, the development of social businesses is an innovative and promising way to satisfy unmet social needs and to experience new forms of value creation (Power and Wilson 2012; Seelos and Mair 2007; Yunus et al. 2010). It can be considered a proactive approach to develop sustainable CSR programs that fully integrate the social dimension into the business, as a strategic instrument to create economic and social value simultaneously (Austin and Reficco 2006; Porter and Kramer 2011; Yunus et al. 2010). From a company perspective social business may be defined as:

*“A new way of corporate social engagement where large companies start-up or expand a business venture created for a social purpose, with the aim of generate blended value through the development of “socially innovative activities”. It is managed with the financial discipline, efficiency and tools of a private sector business”.*

Some authors (Power and Wilson 2012; Yunus et al. 2010) confirms that the concept of social business is, for companies, an innovative and promising way to address social needs and new value creation strategies. They suggest that the role of profit companies is precious either to start up new social business or for the expansion of existing ones (Alter 2007; Power and Wilson 2012). Indeed, given the hybrid nature of social business, companies possess valuable resources, such as managerial and technical skills, precious for the development of social businesses. Furthermore, through the development of social business initiatives companies can experiment new approach to value creation where the social and the economic dimension are equally important. Therefore, the social business represents a unique opportunity to overtake the narrow traditional business thinking and develop viable business models to satisfy unmet social needs. Furthermore, if a company develops the social businesses to tackle social issues that can affect the long term success of its core business it can achieve relevant economic benefits (Porter and Kramer 2011).

## 2. BOP Context:

### 2.1 BOP Markets, definition, key characteristics and social challenges

The base of the economic pyramid (BOP) is defined as the four billions people living with an annual income below \$3,260 in local purchasing power (London & Hart, 2010). The majority of BOP population lives in Africa, Asia, Eastern Europe, Latin America and the Caribbean (Hammond et al. 2007a). Despite BOP markets are heterogeneous in terms of geographic range and income level they are characterized by some common features.

First, they present significant unmet social needs, defined as the needs of the disadvantaged segments of population who do not benefit from the value created by the market, and often these needs are not met (or partially met) even by the services provided by the state (Harris and Albury 2009). Indeed, low income people very often do not have access or cannot afford many products and services such as food, drinkable water, education, energy, healthcare and financial services. It is worth noting that poverty is a multidimensional concept and income is only one dimension of deprivation (Kakwani and Silber 2007). However, people living at BOP present high unmet social needs and are excluded from the global market economy do not benefiting from the value generated (London and Hart 2004; Prahalad and Hammond 2002). It is estimated that 663 millions of people lack access to safe water and 2.4 billion people lack access to toilet (WHO/UNICEF 2015). A recent report of the WHO and the World Bank Group estimated that 400 million people do not have access to essential healthcare services (World Health Organization 2015). The UNICEF and the UNESCO Institute for Statistics estimate that 121 millions of children and adolescents lack access to education mainly in Sub-Saharan Africa and South Asia (UNICEF/ONU/UNESCO 2015). The International Energy Agency (2016) estimated that 1.2 billion people lack access to electricity and more than 2.7 billion people rely on the traditional biomass fuel for cooking, which is related to 3.5 million deaths annually from indoor air pollution (International Energy Agency 2016). Furthermore, is worth noting that deprivation in one field prevent the satisfaction of other basic needs due to their interdependence. For example, the access to energy enables the satisfaction of other social needs indeed, it is “*essential for the provision of clean water, sanitation and healthcare and for the provision of lighting, heating, cooking or telecommunications services*” (International Energy Agency 2016). A strong interdependence among the satisfaction of different needs hold true not only for energy, for instance a better education enables better professionalization and job finding, a better nutrition and healthcare positively affects the learning capacity and the ability to work and a better access to financial services can increase the productivity and the income generation capacity. As a consequences, any approach aimed at reduce poverty should take into account its multidimensional nature and develop integrated interventions that enable BOP population to find their own way to get out of poverty.

The second common characteristics of BOP markets is the so-called “poverty penalty” (London and Hart 2011). The poverty penalty means that low income population very often pays higher prices for product and services than does high income population in developed countries, not only in monetary terms but also in terms of efforts to obtain them (Hammond et al. 2007a). Prahalad and Hammond (2002) confirm that consumers at BOP pay higher prices for goods respect to middle or high income consumers due to the lack of economies of scope, scale and supply chain efficiencies of large enterprises. Sector studies show that low income population sustain higher costs for lower

quality products or services or even have no access at all. Compared to wealthier consumers BOP consumers have seven times less probability to be connected to piped water and, to afford safe bottled water they have to pay from 8 to 16 times the price charged by public utilities (Hammond *et al.*, 2007). Such “poverty penalty” affects people living at BOP in all sectors such as energy, telecommunications, healthcare or financial services where, for instance, they have to pay very high interest rate to get a loan compared to middle-income consumers.

Third, BOP are characterized by high level of informal economy and income vulnerability. According to (Hammond et al. 2007a) the International Labor Organization estimates that more than 70 percent of the workforce in developing countries operates in the informal economy. Indeed, according to (Hammond et al. 2007b) the informal economy amounts at 30 percent of total GDP in Asia, 40 percent in Eastern Europe, and 43 percent in both Africa and Latin America and the Caribbean. Furthermore, informality creates the trap of “dead capital”, capital in form of house or land that due to the lack of a formal ownership cannot be leveraged for productive activities, for instance in form of working capital. It was estimated that the worldwide informal properties amounts at \$9.3 trillion (Hammond et al. 2007b).

Fourth, a related aspect is that the legal frameworks in these contexts are very weak. Experts assert that the poor can unlikely recourse to law, for instance to enforce contracts, this leads to a socio-economic system where transactions are inefficient and the output is uncertain (London and Hart 2011). Weak legal system and informality lead to a high level of corruption and higher costs, for instance to register a formal business, excluding micro-small entrepreneurs from the formal market economy.

In this context unmet social needs, informality and BOP penalties arise from inefficient markets or market failures. To increase the welfare, productivity and income of BOP population is necessary to find new way to satisfy their unmet social needs (Hammond et al. 2007b). Including the BOP in the formal economy become crucial to any inclusive development strategy while reducing the “poverty penalty” will directly increase BOP income generation capacity (Hammond et al. 2007b). Removing these barriers can be a first step to generate scalable solution to enable BOP households to find their own path out of poverty.

## **2.2 BOP as a New Business Opportunity**

As a result most people living at base of the economic pyramid (BOP) are excluded from the value created by the global market economy. Historically, the socio-economic development of those contexts has been left to public and nonprofit organizations that through different developmental programs have contributed to reduce poverty and to enhance living conditions (Yaziji and Doh 2009). Despite the efforts and the results achieved in terms of poverty alleviation and local development, recently there is growing awareness that profit companies can play a crucial role to significantly develop such markets (Karnani 2007, 2009; London and Hart 2004; Prahalad and Hammond 2002). Indeed, there is a growing literature that analyses the BOP from a market perspective and frames the debate about poverty alleviation not in terms of aids but in terms of new business opportunities able to satisfy unmet needs (Hammond et al. 2007b; London and Hart 2004; Prahalad and Hammond 2002). Such approach starts from the assumption that traditional

approaches to poverty alleviation have partially failed in the development of sustainable solutions and, to meet the needs of 4 billion people only sustainable market-oriented solutions can have the potential to scale. Hammond et al. (2007b) estimate that BOP population have an aggregate purchasing power of around \$5 trillion (PPP) a year. However, such global market is heterogeneous in terms of geographic range, size and other features. From a geographic point of view, Asia and Middle East represent the largest BOP market; it amounts at 2.86 billion people with a purchasing power of \$3.47 trillion (PPP). BOP markets, in Latin America and the Caribbean, include 360 million people with a total purchasing power of \$509 billion (PPP). In East Europe, BOP market amounts at \$458 billion (PPP) and comprises 254 million people. In Africa BOP market is estimated in \$429 billion (PPP) that represents the purchasing power of 486 million people.

In addition to geographic distribution, BOP markets are characterized by wide differences also in terms of sectors' size and eight main sectors dominate the BOP markets in terms of consumption size (food, energy, housing, transportation, health, ICT, water and financial services).

The food market represent the biggest existing market at BOP and is estimated in \$2.89 trillion with an average expenditure between \$2,000 and \$3,000, depending on the country (household / per year). It was also estimated that as income raises the household's expenditures in food steadily decline in all BOP segments. In the food sector business challenges and opportunities refer to improving distribution and access to food and increase the quality and affordability. Furthermore, agriculture is an important source of jobs and income for the BOP and promoting inclusive business approaches that focus on BOP as producers and distributors, in addition to consumer, can generate income and a relevant social impact while being profitable.

The energy sector is the second in terms of size and it is estimated to be \$433 billion. On average a BOP household spends on energy 9% of its total expenditure, but there are significant differences about the energy source used for cooking and lighting among the BOP. Kerosene for lighting and firewood for cooking are still used by the poorest BOP segments especially in rural areas. The access to electricity remains very limited among BOP, and is strictly related to the income level indeed, as income raises access increases in all regions. Rural areas are characterized by lower level of access to electricity compared to urban areas. Developing new market-based solutions to promote access to energy at BOP can drastically improve the welfare and the income generation capacity of BOP. New off-grid solutions based on solar, hydroelectric and other renewable technologies are emerging to promote energy access at BOP especially in rural and isolated areas.

The total housing market at BOP amounts at \$331.8 billion. It's worth noting that BOP population spend a constant share of their income on their home reflecting a strong demand for houses. In particular, in Asia and Africa the demand is mainly rural in Latin America and Eastern Europe is mainly urban. Informal ownership remains one of the most important sources of BOP penalty. Under informal ownership properties such as the house and the land become "dead capital" and very often governments and municipalities under such condition are not willing to deliver social benefits or provide the access to basic services such as water, sewer, and electricity since they cannot recourse to law to enforce payments. Recently some innovative solutions to tackle housing problem at BOP are emerging. They are based on the co-design and the co-development of the housing solutions with local stakeholders, on a neighbourhood basis, with a special emphasis on self-construction techniques to contain costs and the provision of credit to increase access.



The total transportation market at BOP amounts at \$179 billion. The average spending for transportation varies widely among BOP markets. However, a common pattern is that as income raises spending on transportation increases steeply pointing out a strong latent demand for such services. Indeed, availability of affordable transportation services strongly influence the economic and social inclusion of BOP population. Lack of transportation prevents the BOP to attend school, to look for a job, to obtain healthcare services or to getting products to or from the market. Improve distribution channels will strongly benefit the market access of the BOP. New entrepreneurial solutions to enhance rural and urban transportation are focusing on a multi-stakeholder transportation planning in order to increase service availability and quality.

The total health market at BOP amounts at \$158.4 billion. The average spending for healthcare varies widely among BOP markets. However, a common pattern is that as income raises spending on healthcare increases steeply pointing out a strong latent demand for such services. However, spending on healthcare strongly depends on the service accessibility and on the travel costs. Indeed, the amount spent on healthcare is on average higher in urban areas than in rural ones often because availability of hospitals is often limited or not existent in rural areas. Purchasing of pharmaceuticals and self-medication account for more than half of the budget spent at BOP. The strong dependence on pharmaceuticals, as basic health treatment, indicates the necessity to improve distribution systems and quality control to make medicines affordable and available to BOP consumers. A successful business approach to improve accessibility of pharmaceuticals at an affordable price is based on a franchising model that involved local shop owners.

The total ICT market at BOP amounts at \$51.4 billion, but since it is characterized by a very high growth rate it can be doubled or even tripled since estimation date (Hammond et al. 2007b). Consumption patterns show that as income raises, the spending on ICT services increases disproportionately pointing out a strong latent demand. The ICT demand is mainly urban because of the widespread lack of access to ICT services in rural areas. As a result most low-income people living in rural areas are disconnected from mainstream information and this reinforces their isolation and economic exclusion. New models to improve access to phone services focus on promoting share access through the creation of local or community phone shops or cyber-kiosk. Improving access to phones enable BOP to get access to internet services such as e-mail and web-browsing but also to new phone-based applications to make payments, to manage bank account and remittances or to get access to government services. Increasing, the access to ICT services among BOP can strongly facilitate their social and economic inclusion.

The total water market at BOP amounts at \$20.1 Billion. Most BOP households collect water at “no cost” from wells or surface sources with health hazards in case of contamination. The actual BOP water market is urban-centred and water spending is significantly higher in urban areas compared to rural and peri-urban ones. On average low-income people without access to piped water pay higher price to get safe water, both in monetary terms or in terms of efforts to collect it. The connection to the water supply network steadily increases as income raises. To promote a wider access to drinking water, especially in rural and peri-urban areas, new business solutions based on small-scale community purification systems, public water pipes or home filters, are emerging.

Financial sectors in BOP markets are dominated by the microfinance. Indeed, since the conceptualization of microcredit by Yunus the access to financial services has increased

substantially. Historically has been the domain of not for profits but now new players are entering, new services have been developed and new ICT technologies are changing the way such services are delivered. Increase the access to financial services can creates many benefits for BOP population such as new jobs and income, better education, timely healthcare and the empowerment of women. Different strategies are in place to improve the access to financial services. One is based on the expansion of existing microfinance institutions (MFIs). Another sees the entrance of large financial institutions at BOP, leveraging their existing networks and core competences. In addition, partnerships between established microfinance institutions and commercial banks have been developed to promote the expansion of the market. New ICT technologies are playing a key role in expanding the market by cutting costs and bridging physical distance. Finally, it is worth noting that consumption trends show a significant demand of financial services beyond credit such as deposits, remittances management and insurances.

From the analysis of BOP markets results that they represent a great business challenge and opportunity. Despite the current demand at BOP is estimated in \$5 trillion (PPP or International Dollar), in US dollars it decreases to 1.4 trillion (Hammond et al. 2007b). However, such markets are characterized by a huge latent demand for low-cost high quality products and services, indeed as income raises the BOP consumptions increase substantially in different sectors such as ICT, healthcare, energy or transportation (Hammond et al. 2007b). According to Prahalad & Hammond (2002) large companies, that have nearly saturated their existing markets in western economies, can see the BOP as a fast growing markets where there is a huge latent demand for products and services. However, to develop sustainable market-oriented solutions, with the potential to scale, many authors suggest that new business approaches should be designed (London 2007a; Schrader et al. 2012). Indeed, is widely shared that traditional strategies such as international strategy or the transnational model are not appropriate to successfully enter and operate at BOP (Landrum 2014; London and Hart 2004). As results many authors propose new strategic approaches where BOP communities are not any more seen as consumers and consequently strategies are not limited to “adapting existing products or business models to the poor” but imply a wider process of co-creation and co-design between corporations and BOP communities through the creation of business partnerships (Simanis and Hart 2008). Some principles have been identified in literature as crucial to develop new business strategies to serve the BOP. They are: market creation, poverty alleviation, innovation, co-creation and stakeholder’s participation (London and Hart 2011; Prahalad and Hammond 2002; Simanis 2011).

### 2.3 BOP Principles

**Market Creation:** as mentioned above, BOP markets are characterized by persistent inefficiencies such as lack of infrastructures (roads, energy or water), lack of a strong consumer demand, lack of skilled manpower, complex legal framework, high level of corruption, high level of illiteracy, informality and so on (Rosler et al. 2013). When companies want to serve BOP consumers should consider that BOP markets are not well developed as western markets and so they should take an active role in creating market opportunities (London and Hart 2011). Indeed, many authors instead of market entry deem that the most suitable approach is market creation (London and Hart 2004; Simanis 2011). Market creation refers to a wide set of strategies that companies can develop to

create an enabling environment for business activities. From this point of view companies should collaborate with public institutions, NGOs, local companies or international bodies to overcome existing barriers and constraints. Strategies related to market creation can imply the development of infrastructures to promote the access to the market and to distribution channels, create local capacity building or include the BOP in the value chain as producers, employees or distributors in order to increase their income and to promote their integration in the formal market economy (Karnani 2007; Simanis 2011). As a result companies that engage at BOP should expand their focus beyond strictly-related business issues and contribute to create and expand business opportunities removing local market inefficiencies (Karnani 2007; London and Hart 2011; Prahalad and Hammond 2002; Rosler et al. 2013).

**Poverty Alleviation:** the idea that companies serving the BOP can contribute to reduce poverty is at the heart of the BOP literature since its inception (Lenz and Pinhanez 2012; London et al. 2010; Prahalad and Hammond 2002; Schuster and Holtbrügge 2012). Indeed, according to Prahalad and Hart (2002) the entry of multinational enterprises at BOP could increase their profits and help billions of people to get out of poverty. London, (2007a) argues that the success in each stage of the BOP venture development “*is grounded in the proposition of mutual value creation*” defined as “*the greater the value created for those living at the BOP, the greater the value created for the venture*” (London 2007b pp.11). Schrader et al. (2012) observed that, being poverty the biggest challenge in this context, BOP ventures have a positive impact on local population because they tackle important social issues such as improving health, providing stable job opportunities, providing access to information or to basic services (energy, water, sewerage). However, it is worth noting that while many authors assert the positive impact of the entry of large companies in terms of potential welfare increase, others have pointed out some of the negative implications of their business activities (Karnani 2007, 2009). Despite a proactive approach to poverty alleviation seem crucial for the success of BOP ventures, Kolk and van Tulder (2006) underline that the impact of corporations depends on their specific business strategies and that they can assume different roles respect to the issues of poverty alleviation. Kolk et al. (2013) in their literature review argues that, in addition to basic needs and infrastructures, promoting the access of BOP population to the “*marketplace for selling labour, skills, craft, or produce*” is crucial to poverty alleviation.

**Innovation:** it is widely shared in literature that the adaptation of western minded products, models and strategies is not a suitable approach to BOP due to specific features that requires an ad hoc design (Landrum, 2014). Kahle and Ernst (2012) emphasize the concept of social innovation as the capacity of a firm to establish new blended value-creating strategies in new environments. London et al., (2010) asserts that companies, to operate at BOP, have to develop new products, services or business models that are tailored to the unique needs of the BOP as consumer, producer, employees or distributors. Indeed, to succeed in enter the BOP markets companies have to find innovative solutions related to cost and financial structure, supply chain configuration, product development, marketing strategy, delivery channel or technology applications (Prahalad and Hammond 2002). Anderson and Billou (2007) assert that the development of innovative solutions specifically designed to the BOP is crucial to overcome the main barriers that companies face when operate at BOP, that is the capacity to ensure availability, affordability, acceptability and awareness of new products and services.

**Co-creation and Stakeholders Participation:** involving multiple-stakeholders, and especially BOP communities, in the venture design is deemed as a crucial principle in the whole design process, from concept development to the launch of the new venture (London 2007a; Simanis and Hart 2008). According to Landrum (2014) BOP strategies imply the creation of inclusive business models with the active involvement of multiple stakeholders such as governments, for profits, not for profits and BOP communities collaborating together to create social value and profits. London and Hart (2004) assert that BOP strategies focus on the cooperation among partners to promote mutual learning and the co-creation of the solution. Landrum (2014) argues that the active involvement of external stakeholders including BOP residents can facilitate the identification of the solution and the design of the appropriate business model. Avoid the transfer of existing solutions from the developed world and promote a participatory approach to co-invention, from the bottom-up, is seen as a crucial success factor for the development of new BOP ventures (Dahan et al. 2010; London 2007a, 2007b). The principle of co-creation is crucial to design and develop new business models specifically tailored on the BOP needs. Indeed, co-creation helps companies in the development of new products and services, new distribution channels, new technological solutions, appropriate cost structure or supply chain configurations specifically design to satisfy unmet needs at BOP (Landrum 2014).

#### **2.4 Relevance of SB in the BOP context**

According to the analysis reported above, BOP markets are a very complex and unexplored business environment. On one hand are characterized by high levels of poverty and deprivation on the other represent a fast growing markets with huge unmet needs. Recently, there is a growing awareness that profit companies should play a leading role to satisfy unmet needs and empower the entry of these populations in the formal market increasing their welfare, productivity and income (Anderson and Billou 2007; Brugmann and Prahalad 2007; Karnani 2007, 2009; Lenz and Pinhanez 2012; London 2007b; London and Hart 2004; Prahalad and Hammond 2002; Prahalad and Hart 2002). As a result, companies are facing a unique challenge, find new ways to address social needs in order to boost local development and reduce poverty in the short term and increase their long term perspective of growth and profitability. According to Kolk and van Tulder (2006) the impact of profit companies on poverty alleviation at BOP is under discussion and while some authors claim a positive impact others focus on negative implications of their activities (Karnani 2007, 2009). Kolk and van Tulder (2006) assert that companies can assume different roles respect to the issue of poverty alleviation and suggest that a focus on corporate social responsibility can be promising to promote their active involvement in alleviating poverty. Indeed, the core principles of mutual value creation imply that companies play an active role in developing entrepreneurial solution that embed a certain degree of social value creation. Karnani (2007) argues that *“if a private company is motivated not by economic profits, but by social responsibility, then of course there are many opportunities for marketing to the poor”* (Karnani, 2007 pp.97). Furthermore, is worth noting that many successful case studies of BOP venture, cited in literature, originates from the not for profit sector or in form of social enterprise pointing out the relevance of develop blended value propositions. As a result, appears clear that in this context (BOP), companies have to develop hybrid business approaches that create economic and social value simultaneously. Consequently,

framing the entry of profit companies at BOP in a wider strategy of corporate social responsibility seems appropriate to ensure a strong focus on mutual value creation. In particular, we suggest that the concept of social businesses is, for companies, an innovative and promising strategy to satisfy unmet social needs and to experience new forms of value creation (Power and Wilson 2012; Seelos and Mair 2007; Yunus et al. 2010). Indeed, social business can be considered a proactive approach to develop sustainable CSR programs that fully integrate the social dimension into the business as a strategic instrument to create economic and social value simultaneously (Austin and Reficco 2009; Porter and Kramer 2011; Yunus et al. 2010). Thompson and MacMillan, (2010) confirms that *“we are seeing the emergence of new types of business enterprises that could well grow into an entire new global economic sector, predicated on poverty reduction via the creation of business models that pursue both profits and societal wealth simultaneously. This sector should be of deep interest to large, traditionally profit-focused firms, which may be able to create and grow huge new markets (and subsequent new profit streams) for their offerings”* (Thompson and MacMillan, 2010 pp.297). The concept of social business seems particularly suitable for companies that want to operate at BOP because it embeds some of the principles crucial to the development of new business strategies to serve the BOP (Power and Wilson 2012; Seelos and Mair 2007; Yunus et al. 2010).

**Poverty alleviation:** the social business, by definition, is multi-objective and pursues with equal priority economic, social or environmental goals (Alter 2007). The blended value proposition of the social business concept is perfectly aligned with the core principles of mutual value creation and can help companies to assume a clear and active role respect to the issue of poverty alleviation. In addition it can help to avoid the mission-drift of the initiative toward a fully for profit approach or the shift of the target customer toward more profitable upper tier customer at BOP.

**Market Creation:** Social business models seem also relevant to face the problem of market creation. Indeed, market creation implies a wider and more complex strategy compared to market entry (Simanis 2011). Social businesses being characterized by an inclusive value proposition rich of complementary services such as capacity building, sensitization campaigns or more in general support services to promote the empowerment and inclusion of poor as consumers, producers, employees or distributors seems appropriate to create the market opportunities at BOP. Inclusive business models with high social impact can contribute to build infrastructures (roads, energy or water), create a stronger consumer demand, empower low-skill manpower, and reduce illiteracy and informality.

**Innovation:** as mentioned above, one of the most critical success factors to serve the BOP is the capacity to develop innovative solutions to satisfy unmet social needs in a profitable way. Simply speaking, the development of new solutions to tackle social problems or satisfy unmet social needs is the core element of the concept of social innovation (Phills et al. 2008). The concepts of social business and social innovation are strictly linked. Indeed, they present many common features as for instance, a primary social aim, a multi-stakeholder and multi-sector nature, a participatory process, an empowerment dimension and the creation of blended value (Alter 2007; Mulgan 2006; Phills et al. 2008; Wilson and Post 2013). Phills et al., (2008) argues that many social innovations to achieve their social aims imply the creation of new business models more effective, efficient, sustainable and often profitable than existing solutions. From this point of view, the social business can be

portrayed as a promising way to foster social innovation, through the development of innovative market based solutions for a social end.

**Co-creation:** The principle of co-creation and stakeholder participation is fully integrated in the concept of social business. Indeed, by definition the social business has a multi-sector and multi-stakeholder nature (Nelson et al. 2006; Wilson and Post 2013; Yunus et al. 2010). This imply the adoption of participatory approaches in the design and implementation of the business model, the development of democratic decision making processes and a multi-stakeholder governance (Sakarya et al. 2012).

In addition, social business can be relevant to solve some of the challenges that characterized BOP markets. It can contribute to reduce the “poverty penalty” through the provision of low cost high quality products and services such as access to basic services, including innovative schema for people who are unable to pay. It can contribute to create or strengthen local demand through the creation of new employment as a result of the new services supplied and favoring labor inclusion of disadvantaged people otherwise excluded from income-generating opportunities. It can contribute to take informal activities out of the underground economy for instance by regularizing the situation of illegal workers on the black market but also to a fair integration of small economic actors into the formal market. Finally, it can contribute to a more balanced and sustainable use of local resources encouraged by wide participation of local stakeholders; to the promotion of inclusive governance models that empower the local community in strategic decision-making and to enhance social capital at local levels (based on broad ownership and local participation), which is of crucial importance. As a result we can conclude that social business is a promising approach to solve some of the most pressing social challenges at the BOP and simultaneously seems an appropriate strategy to promote inclusive business approaches that can benefit the companies’ long term value creation strategies.

## II. Research Objectives and Methodology

### 3. Research Problem and Objectives

#### 3.1 Research Problem

From an academic perspective, social business initiatives developed by large companies are potentially an interesting area of investigation because they present some open questions. Indeed, despite the increasing attention of academics and practitioners to social business in the last decade, it is widely acknowledged that too little is known about the plurality of factors influencing their development and in particular their strategic configuration. In literature, authors have mainly approached such types of initiatives from a partnerships point of view; however different aspects of the phenomenon need to be further explored.

##### 3.1.1 *The role of Large Companies in the development of Social Business at BOP*

Despite Prahalad and Hammond (2002) in their seminal paper invoke the engagement of multinational enterprises (MNEs) to target BOP markets and thus contribute to alleviate poverty, Kolk et al. (2013) witness a strong evolution of the original approach and assert that “*only a small number of reported BOP initiatives are led by MNEs*” (Kolk et al. 2013 pp.352). Indeed, they argue that this few, even if highly mentioned, examples are not representative and that many BOP ventures are launched by small local firms rather than large multinational companies. In addition, some authors observed that many BOP initiatives are not launched by profit firms but by not for profit, social enterprise or through the development of cross-sector partnerships (Dahan et al. 2010; Karnani 2007; Kolk et al. 2013; Thompson and MacMillan 2010). As a result, despite the initial argument of BOP concept, it is still not clear the role of large profit companies in the development of BOP ventures (Kolk et al. 2013). In addition, it is worth noting that, in the last years, publications framing the BOP into a wider approach of corporate social responsibility or corporate ethics is increasing, witnessing a shift from a pure for-profit approach to a more social responsible one (Arnold and Valentin 2013). Indeed, there is a growing awareness among academics and practitioners about the necessity of promote hybrid approach to the BOP in order to alleviate poverty, in the short term, and increase company perspective of profitability and growth, in the long term. Hereafter we refer to such hybrid approaches to the BOP as social business and it is worth noting that studies about hybrid approaches (social business) to serve the BOP are even more limited in numbers compared to traditional BOP literature (Dahan et al. 2010; Seelos and Mair 2005, 2007; Thompson and MacMillan 2010; Yunus et al. 2010). Indeed, in literature have been documented several cases of companies that engage in social business at BOP and probably the collaborations between Grameen Group and different MNEs such as Danone, Veolia, Basf and Telenor are the most famous. However most of the studies are conceptual or based on qualitative research methodologies such as case study analysis (Dahan et al. 2010; Power and Wilson 2012; Seelos and Mair 2007; Yunus et al. 2010) and despite they provide practical and theoretical rich information, a comprehensive understanding of the characteristics and the diffusion of the phenomenon is still lacking in literature. Simply speaking, after almost fifteen years since its first conceptualization, is not clear if and to what extent large companies are actually engaging the BOP

to alleviate poverty and create profits. The lack of quantitative studies about the BOP is probably motivated by the difficulties in getting and making available extensive dataset about such initiatives. As a result, could be of large interest analyze the characteristics and diffusion of the phenomenon in order to understand if and to what extent large companies are serving the BOP through social business models. Indeed, according to Power and Wilson (2012) social business represent an interesting opportunity for companies that want to implement hybrid strategy at BOP but few studies have been conducted. As a consequence provide empirical insights about the social business initiatives developed by companies can contribute to shed light on this emerging phenomenon.

### **3.1.2 *Companies Characteristics and Social Business Engagement***

It is worth noting that previous studies have analyzed social businesses assuming as level of analysis the social business venture, developed by companies, and have under looked other level of analysis that can help to explain the engagement of companies at BOP. In particular analyze the characteristics of the companies doing SB at BOP can be promising to better understand the phenomenon. Indeed, as stated by Kolk and van Tulder (2006) different characteristics of the company can influence its business approach to the BOP. However, in literature there is a relative paucity of information about the characteristics of companies engaging in social business at BOP. Indeed, is not clear if and to what extent companies' characteristics influence the engagement of companies in SB at BOP. In theory different characteristics of companies such as sector, geographic location or size can have effects on the companies' engagement. Kolk and van Tulder (2006), in their exploratory analysis, outlines that the belongingness to different sectors or geographic locations may influence how a company develops social businesses at the BOP and its role respect to the issue of poverty alleviation. As a result, it is possible that companies belonging to certain sectors are more prone to engage in social business at the BOP compared to companies operating in other sectors, but in literature no previous studies have been identified. Similar considerations can be made for the geographic location of companies; indeed the country of origin can influence the likely of doing SB at BOP (Kolk and van Tulder 2006). In addition, it was observed that the size of a company positively influences its engagement in CSR, similarly, seems possible that company's size can influence the engagement in SB at BOP, but in literature does not have been documented. Finally, seems reasonable to think that the previous experience of a company in the CSR sphere can influence whether the company develops social business at BOP or not, especially because the social business is considered an advance form of strategic CSR. Kolk and van Tulder (2006) stated that additional researches are needed to shed light on this emerging phenomenon and understand how company' characteristics influence their engagement at BOP. Therefore analyze the characteristics of companies already engaged in social business at BOP with the double aim of provide a detailed profile of companies doing SB at BOP and understand if and to what extent such characteristics influence their engagement in SB can contribute to the current debate about this emerging phenomenon. Other authors have performed studies about how company characteristics influence the engagement of companies in CSR but such empirical evidences are still lacking if we focus on social business at BOP (Aguinis and Glavas 2012; Blombäck and Wigren 2009; Melo and Garrido-Morgado 2012; Reverte 2009). As a result, understanding if and to what extent company



characteristics influence the engagement of companies in social business at BOP is a promising field of study to shed additional light on this emerging phenomenon.

### **3.1.3 Classification of Social Business Configuration**

As mentioned before, in literature few empirical evidences about the role of large profit companies in the development of social business at BOP have been provided. Some authors observed that many social businesses at BOP are launched by large profit firms through the development of cross-sector partnerships (Brugmann and Prahalad 2007; Karnani 2007; Kolk et al. 2013; Nelson et al. 2006). Being social business a strategic CSR model that allows companies to experiment new value creation strategies, it can be developed through different CSR programs that imply a different role and level of engagement of the company (Husted 2003). Austin (2000) confirms that CSR programs are often developed through collaborations between businesses and MdOs and such collaborations can assume different forms (Austin and Seitanidi 2012). They may range from philanthropic relationships, where companies (donors) provide funds or in kind donations to the recipient (usually not for profit), that then undertakes the social activity independently, proper of philanthropic approach, to more integrated forms, where both parties actively collaborate to achieve a common objective that benefits the company strategy and allows the social partner to accomplish with its mission (Austin 2000).

Husted et al. (2010) analyzed the governance of CSR programs from a strategic management perspective. According to (Husted et al. 2010), the choice of how undertake CSR initiatives should be managed by companies as a strategic decision and in principle, companies have three options to develop SB initiative within their CSR programs. A company can develop social business via outsourcing, through the funding of mission-driven organizations, develop social business internally, through the development of a new social venture, or collaborate with other mission-driven organizations to develop externally new social ventures or expand existing ones (Husted 2003). Therefore, according to Husted (2003) the choice of how develop SB can be analyzed as a strategic make or buy decisions. Make or buy decision depends heavily on the strategic relevance of the social business activity. Assuming that all companies have limited and hence scarce resources (Child et al. 2005), they should deploy internal resources only on strategic activities and buy (outsource) activities of little importance. As a result, Husted (2003) argues that companies should develop through philanthropic approaches CSR activities that have little strategic relevance (outsourcing). As their strategic relevance increases form of collaborations or forms of internal development seem the most appropriate (Husted 2003; Husted et al. 2010). However, despite the worth attempt of Husted (2003) to apply strategic management theory to the governance of CSR activities he provides few empirical results about the managerial configurations and as a consequence about the role that companies play within the three main configurations identified.

Power and Wilson (2012) in their report of the United Nations Global Compact focus specifically on how large companies can engage the BOP through the development of social business. They identified three main configurations through which companies can develop social business at BOP: strategic venture investment, strategic alliances and incubation models. The firsts two allow companies to develop a social business externally through external venture investment or

partnership. These strategies are considered the most efficient way to explore the social business. The third configurations consist in the creation of new a social business internally through incubation. To successfully undertake such strategies, authors underline, the ability to create intra-company collaborations and leverage a wide range of corporate resources (Power and Wilson 2012). Indeed, they suggest that in the development of social business at BOP can be profitably involved different business units such as commercial business units, the corporate social responsibility, the corporate foundation or the research and development unit (R&D). Despite Power and Wilson (2012) suggest promising business strategies to promote the engagement of companies in social business at BOP, the report is practitioners oriented and do not provide empirical insights on how companies are actually implementing such strategies or not. However, it is one of the first attempts to conceptualize a wider framework to promote company engagement in social business that goes beyond a strict focus on cross-sector collaboration as the lens of analysis.

Other studies have been made on how large companies can develop social business at BOP. An emerging stream of researches applied the concept of business model to study social businesses developed by companies (Dahan et al. 2010; Seelos and Mair 2005, 2007; Thompson and MacMillan 2010; Yunus et al. 2010). The level of analysis is the business model of the social business venture very often developed through the establishment of cross-sector collaborations. Seelos and Mair (2007) assert that new social businesses at BOP can be more easily developed if partners (usually for profit and not for profit) create a new business model combining elements of their already existing business models. The idea is to exploit synergies and complementarities among the business models of the two organizations, or part of them, so that each organization maintains a certain degree of independence and can pursue its own objectives while reinforcing the capacity of the partners to achieve its own (Seelos and Mair 2007). Dahan et al., (2010) confirms that new business models can arise from the integration of two existing business models that reciprocally rely on valuable skills and resources owned by the partner. In this case synergies can be exploited to develop new configurations of business activities such as market research, product and service development, procurement, production, distribution or marketing. Beyond contributions to a particular activity of the partner business model, Dahan et al., (2010) observe that, most of the challenging and innovative solutions arise from the creation of complex multi-stakeholders partnerships. Such partnerships have the aim of co-design, co-develop and launch new social business models at BOP. In this case the wide set of partner organizations combine different skills, resources and areas of expertise to create new solutions inconceivable otherwise (Dahan et al. 2010). Thompson and MacMillan (2010) approach the creation of new business models in context of high uncertainty (BOP) from a prescriptive point of view. Indeed, they provide valuable principles that can be applied to develop new business models at BOP in order to increase opportunities of success. The same approach has been followed by (Yunus et al. 2010). They identified five principles useful to create innovative (social) business models to serve the BOP; such principles have been defined starting from the huge experience of Grameen group in serving the BOP. This research stream has the common point of analyzing initiatives where the companies are highly engaged in the development of the social business, through the development of strategic partnerships. Austin (2000) classifies in his collaboration continuum such type of collaboration as the *“integrative stage in which the partners’ missions, people, and activities begin to merge into more collective action and organizational integration. This alliance stage approximates a joint venture and represents the highest strategic level of collaboration”* (Austin, 2000 pp.71).

But in theory companies can develop social business at BOP through a wide variety of forms that may range from less strategic ones as philanthropic approach to the most challenging ones as internal development or incubation. Indeed, it is possible to image a continuum of potential forms of configurations through which companies can promote social business at BOP. Based on the level of engagement of the company they move from philanthropic approach, where engagement is low, to different forms of collaborations such as investment or partnerships, where engagement is higher to forms of internal development or incubation where engagement is high (Austin 2000). Hereafter we refer to such type of organizational forms as social business configurations.

As a result, in literature few studies have analyzed the social business configurations and they have mainly focused on cross-sector partnerships as a means to develop new social business models with the aim satisfy needs of low income people (Austin 2000; Austin and Seitanidi 2012; Dahan et al. 2010; Kolk et al. 2008; Sakarya et al. 2012; Seelos and Mair 2005, 2007). Despite cross-sector collaborations are the most common form through which companies engage in social business at BOP it is worth noting that in theory there are a wide variety of possible social business configurations. Such forms of collaborations may range from spin-off, joint venture, strategic alliances, open innovation competitions, investments models, etc... In literature, beyond few studies (Husted 2003; Husted et al. 2010; Power and Wilson 2012), social business configurations have been addressed only partially and by so poorly structured studies.

As mentioned above, a valuable approach to identify the wide variety of potential SB configurations was developed by (Husted et al. 2010). According to authors companies have three options to develop social business within their CSR programs: outsourcing, collaboration and internal development (Husted et al. 2010). In addition, Power and Wilson (2012) detailed the three main configurations, proposed by Husted (2003), suggesting, as a promising forms of collaboration, the strategic venture investment and the strategic partnerships and, as a form of internal development, the incubation model. According to this approach we have identified four macro SB configurations: Corporate Philanthropy, Corporate Venture Philanthropy (Investment Model), Social Alliances (Cross-Sector Partnership) and Internal Development (In-house development) (Power and Wilson 2012).

**Corporate Philanthropy:** according to (Husted 2003) the outsourcing of social business through philanthropic donations is an efficient option when social issues addressed are unrelated to the core business of the firm. In this case the firm “outsources” the social business activity through the provision of generic resources such as monetary or in kind donations to a mission driven organization. The involvement of the firm in the management of the initiative is usually minimal (Austin 2000; Husted 2003). The value created is generic and the benefits for the firm are mainly associated to reputation and image returns.

**Investment model:** the second social business configuration is the investment model. Also defined as corporate venture philanthropy differs from traditional corporate philanthropy because the funds provided should be repaid to investors, at least in terms of principal (Power and Wilson 2012). Furthermore, it implies the active participation of the company in the management providing strategic support and critical skills needed for the development of the social business.

**Social Alliance:** they can assume different forms such as strategic partnership or joint venture (Kogut 1988). The company in addition to funds provision is actively involved in the management

of the initiatives. Companies by leveraging their unique competences and assets can create relevant social impact and distinct value for the company, the partner and the stakeholders (Austin and Seitanidi 2012; Porter and Kramer 2006; Rondinelli and London 2003). Social alliance can be especially useful in developing social business at BOP, as it allow partners to exchange complementary resources with the aim of co-design and co-develop the social business sharing risk and reducing investments. Social alliances are usually established between companies and mission driven organizations (NGOs, NPOs or social enterprise), but is worth noting that very often the system of partnerships created to develop SB is more complex and more players are involved (Graf and Rothlauf 2012).

**Internal Development:** a company that engages in social business initiative closely related to its core business may decide to develop the social business internally (Husted et al. 2010). In this case its competences and resources fit those needed to develop the social business. It is supposed that companies develop internally only SBs with high strategic relevance. By leveraging internal unique resources companies may create distinctive value proposition (Porter and Kramer 2006). The main advantage of internal development is that the company can strategically allocate corporate resources to harness specific corporate opportunities or address specific community needs (Power and Wilson 2012). On the other hand, internal development requires significant financial investments and relatively long-term commitment. This strategy may be suitable if a company pursue a significant presence in BOP markets (Power and Wilson 2012).

These four social business configurations are used as a starting point to identify the potential SB configurations that companies can develop when engage in SB at BOP. Indeed, due to the limited studies on the topic, it is possible that companies have developed other social business configurations, not identified yet.

### **3.2 Objectives of the Research**

Moving from these considerations, this research aims to contribute to the current debate by analyzing how large European companies are currently developing social business at the base of the economic pyramid with the double aim of alleviating poverty and increase their long term perspective of growth and profitability. In particular, the research pursues the following objectives:

#### **Objective 1: Analyze the diffusion and the key characteristics of European companies doing Social Business at BOP**

The first objective of the research is to map the state of the art of European companies engaged in SB at BOP. Through an extensive mapping of companies already engaged in SB at BOP it is possible to investigate: the diffusion of the phenomenon, the characteristics of companies and whether and to which extent companies' characteristics influence the engagement of companies in SB at BOP.

##### **1.1 Analyze the diffusion of social business initiatives developed by large European companies at BOP**

Quantify the diffusion of the phenomenon can contribute to the current debate making clear if and to what extent European large companies are actually engaging the BOP through the social business. Indeed, in literature there is a relative paucity of information about the real engagement of companies and analyze, on a quantitative basis, the European companies already doing SB at BOP can enhance the current knowledge about this emerging phenomenon.

##### **1.2 Analyze companies' characteristics in order to profile European companies already engaged in SB at BOP**

To understand which type of companies are actually engaged in SB at BOP, will be analyzed the key features of the companies in order to profile a "company type". Indeed, in literature little information is available about the characteristics of companies engaging in social business at BOP. Company profile can be portrayed analyzing companies' characteristics in terms of size, sector provenance, geographic location, ownership type and its previous experience in CSR.

##### **1.3 Analyze how companies' characteristics influence the engagement in social business at BOP**

Once has been profiled the company type that currently engage in SB at BOP the subsequent step is to understand if and to what extent such characteristics influence the engagement of companies in social business at BOP. Indeed, in theory different characteristics of the company can influence its engagement but in literature no previous studies have been found. In particular, will be investigated whether the size, the sector, the ownership type, the geographic location and the previous experience in CSR influence the engagement in SB at BOP.

#### **Objective 2: Analyze the role of Large European companies in the development of Social Business Initiatives and classify the related Social Business Configurations**

##### **2.1 Analyze the characteristics of the social business initiatives developed by large European companies at BOP**

In order to better understand such emerging phenomenon, the key characteristics of social business initiatives are also identified and analyzed. Investigate the key characteristics of such initiatives can help to shed light on which role companies play in the development of SB at BOP. In particular, will be analyzed the objective of the social businesses, the value proposition, the activities and resources provided by the company as well as by the partners and the economic sustainability of the initiative.

## 2.1 Identify and classify the whole spectrum of social business configurations companies can design to develop SB at BOP

In theory companies can develop social business at BOP through a wide variety of social business configurations that may range from less strategic ones as philanthropic approach to the most challenging ones as internal development or incubation. From this perspective is possible to imagine a continuum of potential forms of configurations through which companies can promote social business at BOP. The objective of the research is to identify and classify the different social business configurations company may design to develop SB at BOP. Indeed, in literature, the entire spectrum of potential social business configurations have been addressed only partially focusing mainly on cross-sector partnerships as a lens of analysis. The research has the aim of modeling such configurations in order to provide the whole spectrum of social business configurations through which companies can develop SB at BOP.

## 4. Research Articulation

### 4.1 Research Steps

In this paragraph are presented the research steps performed in order to achieve the research objectives. The detailed methodology developed to achieve each research objectives will be articulated in the following chapters. In particular next chapter is devoted to analyze the diffusion and the characteristics of companies doing SB at BOP; on the other hand the subsequent chapter is devoted to the analysis and classification of social business configurations. The study is articulated into four steps that are reported in Figure 4.

- |  |
|--|
| <p>1. <b>Literature Review</b> to:</p> <ul style="list-style-type: none"><li>i. Identify the Research frameworks:<ul style="list-style-type: none"><li>a) Identify <b>characteristics of companies</b> that can influence the engagement (of companies) in SB at BOP</li><li>b) Identify the research framework to analyze <b>specific social business configurations</b>: the Social Business Model developed by Yunus (2010)</li></ul></li></ul>   |
| <p>2. <b>Data Collection</b> to:</p> <ul style="list-style-type: none"><li>i. Map the <b>state of the art of EU Large Companies</b> engaged in SB at BOP<ul style="list-style-type: none"><li>a) Creation of a Data Base from the United Nation Global Compact</li><li>b) Identification of EU Companies doing SB at BOP by website analysis</li><li>c) Data Collection about Companies' Characteristics</li><li>d) Data Collection about the social business configurations according to the Social Business Model developed by Yunus (2010)</li></ul></li></ul>  |
| <p>3. <b>Data Elaboration</b> to:</p> <ul style="list-style-type: none"><li>i. Analyze the <b>diffusion and the key characteristics</b> of European companies doing Social Business at BOP<ul style="list-style-type: none"><li>a) Descriptive Statistics</li><li>b) Logistic Regression</li></ul></li><li>ii. Analyze the role of Large European companies in the development of Social Business Initiatives and <b>Classify the related Social Business Configurations</b><ul style="list-style-type: none"><li>a) Data Coding</li><li>b) Descriptive Statistics</li><li>c) Multiple Correspondence Analysis</li><li>d) Cluster Analysis</li></ul></li></ul> |
| <p>4. Development of the <b>model that classify</b> the whole spectrum of <b>social business configurations</b> companies may adopt to promote SB at Base of the Economic Pyramid</p>  |

The first step consisted in the literature review. Indeed, the literature review was preparatory to identify the appropriate research frameworks to analyze the phenomenon according to the research objectives. Focusing on the first objective, the literature analysis allowed the identification of the characteristics of companies that influence the engagement of companies in SB at BOP. In addition, through the literature analysis have been developed the hypothesis on whether and to which extent such characteristics influence the engagement of companies in SB at BOP. According to the second objectives the literature review was useful to identify the appropriate research framework to analyze in detail the social business configurations developed by companies doing SB at BOP. The social business model developed by Yunus was chosen as a proper framework to achieve the second objective of the research (Yunus et al. 2010).

The second step of the research consisted in the data collection accordingly to the research frameworks adopted. Data collection has been performed through the creation of a database. The database was created starting from the database of the United Nation Global Compact (UNGC), the world's leading corporate responsibility program. It includes more than 8,000 businesses and asks companies to voluntarily support ten universal principles in the field of: human rights, labour standards, the environment and anti-corruption. Companies have been selected by 32 European countries. To create the database has been downloaded the full list of European companies, with more than 250 employees, that are members of the UNGC. The resulting sample amounts at 1745 companies. The details about the process of data collection will be provided in the next sections of this chapter.

The third step consisted in the elaboration of data collected. To achieve the first objective and in particular, to analyze the diffusion of the phenomenon and to profile EU companies engaged in social business at BOP, descriptive statistics have been elaborated. Instead, to understand if and to what extent companies' characteristics influence the engagement of companies in SB at BOP a logistic regression has been performed. On the other hand to analyze the role of large companies in the development of social business at BOP and to classify the social business configurations they have developed, the first task performed was the coding of data. Indeed, to achieve the second objective, data have been collected from the companies' website or from the sustainability reports and are qualitative in nature. Therefore the researcher has coded the data collected in categorical variables in order to operationalize them. Subsequently, to understand the role of companies in the development of social business and to analyze characteristics of social business initiatives promoted by large EU companies descriptive statistics are elaborated. Instead to classify the social business collaborations developed by companies a multiple correspondence analysis and a cluster analysis has been performed.

The fourth step consisted in the development of a model that classifies the whole spectrum of social business configurations that EU companies have developed to engage in SB at BOP. Such configurations will be represented according to the creation of a model in order to provide a complete picture of the different social business configurations companies may adopt to develop SB at BOP.



## 4.2 Data Base Creation

In order to achieve the research objectives a mapping of the state of the art of European companies doing SB at BOP has been performed, through the creation of a database. The database was created starting from the database of the United Nation Global Compact (UNGC), the world's leading corporate responsibility program. It includes more than 8,000 businesses and asks companies to voluntarily support ten universal principles in the field of: human rights, labour standards, the environment and anti-corruption. Companies have been selected by countries that belong to European Economic Area and European Free Trade Area (EFTA) resulting in 28 member states plus four EFTA states: Norway, Iceland, Lichtenstein and Switzerland for a total of 32 countries. To create the database has been selected companies with more than 250 employees that participate in the UNGC for the 32 countries identified. The sample was downloaded from the section of the UNGC website dedicated to the participants of the UNGC. The last update of the companies' list was made on 03/29/2016. In addition to geography, observations were downloaded according to the following criteria: type-company, status-active, status-non-communicating. The resulting sample amounts at 1745 companies. In the table below are reported the observations by country.

<b>Country</b>	<b>N° of observations</b>
France	429
Spain	341
Germany	158
United Kingdom	99
Switzerland	56
Italy	51
Sweden	109
Denmark	121
Netherlands	58
Norway	54
Finland	39
Poland	32
Austria	28
Lithuania	17
Luxembourg	8

Liechtenstein	3
Greece	28
Portugal	23
Belgium	21
Croatia	20
Bulgaria	12
Iceland	9
Romania	7
Ireland	5
Czech Republic	4
Hungary	4
Slovakia	3
Cyprus	3
Slovenia	2
Latvia	1
Estonia	0
Malta	0
<b>Total</b>	<b>1745</b>

Table 3 Sample Selection (UNGC Company List)

The first analysis made was the comparison of the sample selected by the UNGC with the real distribution of European companies (Eurostat) in order to assess its representativeness. The analysis about the geographic distribution of companies was the first analysis performed. In particular, a comparison between the UNGC sample and the real distribution of companies in Eurostat was useful to understand if some countries are over / under represented. Below is reported the geographic distribution of member companies of UNGC. From the figure below appears clear that the geographic distribution of member companies is quite heterogeneous among Europe. France and Spain are the countries with more member companies that amount respectively at 429 and 341 companies. The third country is Germany with 158 companies then follows all other European countries included in the sample (for the detailed list see the table above).

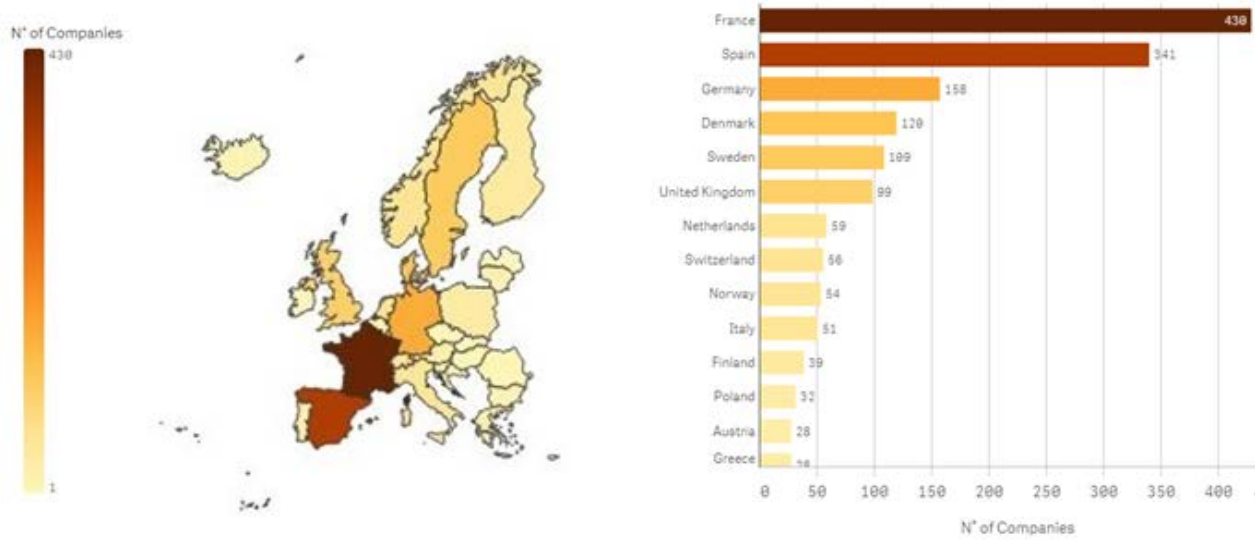


Figure 5 Geographic Distribution of member companies of the UNGC

If we compare the geographic distribution of the sample to the real distribution of European companies we can observe that some countries are over-represented while others are under-represented. In figure below is reported the over / under geographic representation of UNGC companies compared to Eurostat. It's worth noting that France, Spain and Nordic Country are highly over represented (red) vice-versa East-Europe countries, Italy, Germany and Poland are highly under represented (blue).

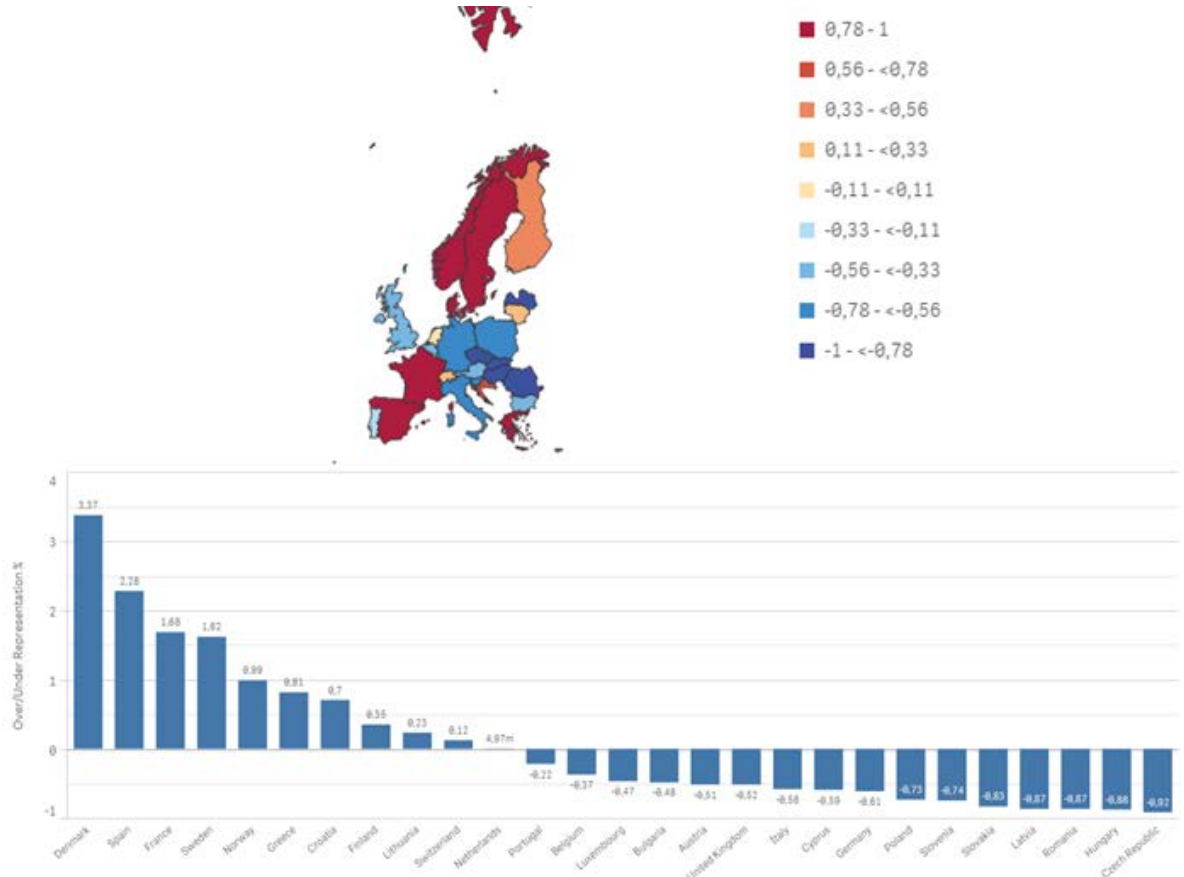
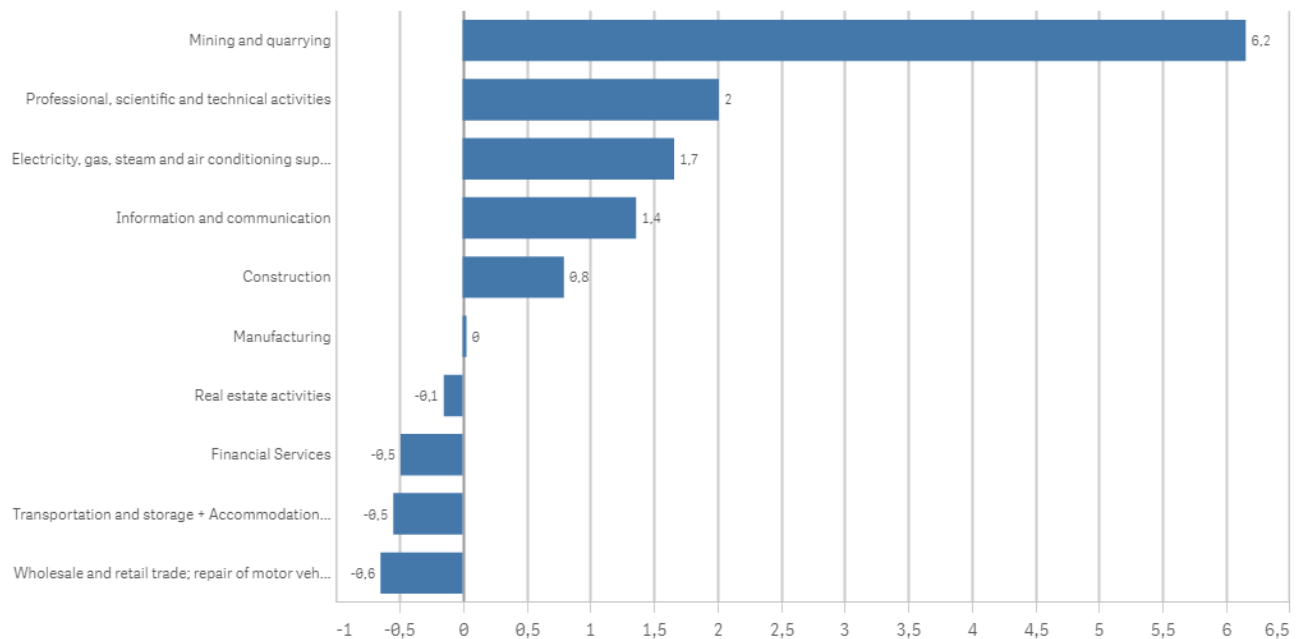


Figure 6 Geographic Over / Under Representation

As a result seems that companies belonging to Nordic countries are more active in joining the UNGC compared to other geographic areas of Europe with the exception of France and Spain.

If we analyze the sectoral distribution of the sample compared to real distribution of European companies we can observe that some sectors are over-represented while others are under-represented. In addition, it is worth noting that the UNGC uses a different classification of sectors compared to the NACE standard and so in order to assess the representativeness of the sample was necessary to reclassify the UNGC sector according to the NACE standard. The results reported in figure below shows that mining and quarrying is the sector most over-represented (six times more) while professional, scientific and technical activities, electricity, gas, steam and air conditioning, information and communication technologies and construction are also over-represented although to a lesser extent. On the other hand financial services, transportation and whole sale and retail trade are under-represented. For what concern mining and quarrying it is possible that the huge over-representation is due to the fact that being a “controversial” industry in relation to social and environmental concerns companies operating in this sector are more prone to participate in the UNGC. While for the other sectors is difficult to determine the reason of their over or under representation. However, it is worth noting that despite the reclassification made (UNGC sectors in NACE standard) the adoption of two different standards makes difficult a precise comparison.

Over/Under Sector Representation UNGC vs Eurostat



The solution in order to reduce the biases in terms of both geographic and sectoral distribution would be the stratification of the sample according to the Eurostat distribution. This choice was evaluated and then rejected because it implied a strong reduction of the initial sample. Indeed, if we made the geographic and sector stratification the sample would be reduced drastically due to the lack of observations. So the choice was to make the analysis on the total sample of the UNGC and then considering the biases when discussing the generalization of results. As a result the sample amounts at 1745 companies the total European members of the UNGC on 03/29/2016.

Once defined the sample, the researcher visited the website of each company to identify whether it does SB or not. A set of open keywords have been used in order to identify companies doing SB by website analysis. Indeed, on one hand, have been identified, as social business, initiatives that support or promote: social business, social enterprise, social entrepreneurship, creation or expansion of local cooperatives, women (or other disadvantage groups) entrepreneurship, social projects with long-term economic sustainability, social projects with breakeven in the long term, social projects that do not provide a significant financial return in the short-term, and so on. On the other hand have been selected initiatives that target BOP population. Indeed, in addition to geographic target (developing countries) have been selected initiatives that target: marginalized people, people excluded, disadvantaged people, vulnerable people and so on. It is worth noting that the sustainability reports have been analyzed only if information on the website were not clear to understand whether the company does SB or not.

For all companies included in the sample (1745 member companies of the UNGC) have been collected the information reported in figure below.

***Information Collected***

Information Collected on the UNGC Database:

- *Company Name*
- *Sector*
- *Country*
- *Membership Date to UNGC*
- *Ownership Type*
- *Size (n° of Employees)*
- *GC Differentiation Level (Advanced, Active, Learner)*

Information Collected on the Company Website:

- *Name of the program Analyzed / CSR Section*
- *Brief Description of the SB activities or CSR programs*
- *Sources [links of the web site visited]*
- *Date of the visit*

In particular, in the database of the UNGC have been collected the information available about the member companies. The UNGC database automatically provides for each company: the company name, the sector of provenance, the country of origin and the membership date to the UNGC. Then have been added the ownership type, the size (n° of employees) and the global compact differentiation level. Indeed, such information are provided in a separate section of the UNGC website and should be added manually. The global compact differentiation level classifies companies in three categories according to the level of information disclosure about their CSR practices. It is worth noting that, the classification is a company's self-assessment. As a result, for member companies are available the above mentioned information (see figure above).

### III. How Large European Companies Develop SB at the Base of the Economic Pyramid

#### 5. Diffusion and the key characteristics of European companies doing SB at BOP

##### 5.1 Analyze the diffusion of the phenomenon

In order to understand the diffusion of the phenomenon have been analyzed the website of companies included in the sample (1745) to investigate, according to key words defined in the previous section, whether they are engaged in social business initiatives at BOP or not. Results show that 111 companies have already engaged in SB activities at BOP equal to 6,5% of the sample, 37 companies have also engaged in SB but not in BOP markets (2%). The remaining 1597 companies implement CSR programs not related to social business models (see figure below). This result indicates that only a small proportion (6,5%) of the companies analyzed are currently engaged in SB at BOP while most of the companies (91%) are currently implementing CSR programs not related to social business. Indeed, social business can be considered an advance model of strategic CSR and seems reasonable that only a small proportion of companies have already experienced such new form of CSR.

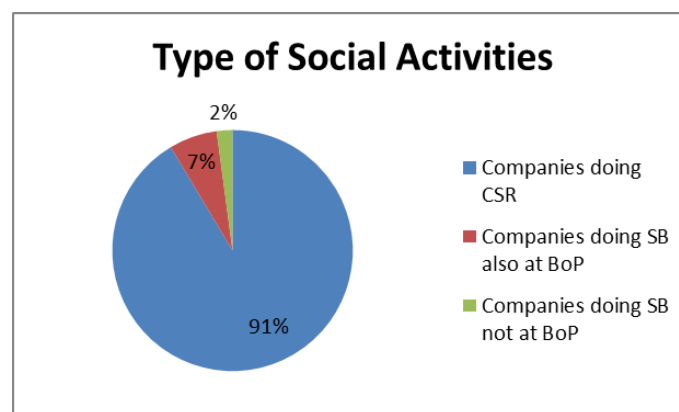


Figure 7 Company distribution by type of social activities

The companies that have already developed SB initiatives at BOP come from 16 countries (over 30), this suggests a geographic concentration of the phenomenon. Indeed, 71% of companies doing SB at BOP belong to five countries (France, Spain, Germany, United Kingdom and Switzerland) amounting at 81 companies over the 111 identified. In absolute value the geographic distribution of companies doing SB at BOP is fairly aligned with the distribution of companies in the sample with the exception of Nordic countries that present less companies doing social business at BOP. Indeed France, Spain and Germany present respectively the highest number of companies doing SB at BOP. United Kingdom, Switzerland and Italy, despite are under-represented in the UNGC sample, present a fair number of companies doing SB at BOP. Nordic Countries, even if are over represented in the sample, present few companies doing SB at BOP. Balkans and Eastern Europe do

not present companies doing SB at BOP with the exception of one Polish company. In Southern Europe and in particular in Greece and Portugal no company doing SB at BOP has been identified, the same holds true for Ireland, Belgium and Iceland. In figure below is reported the geographic distribution of companies doing SB at BOP.

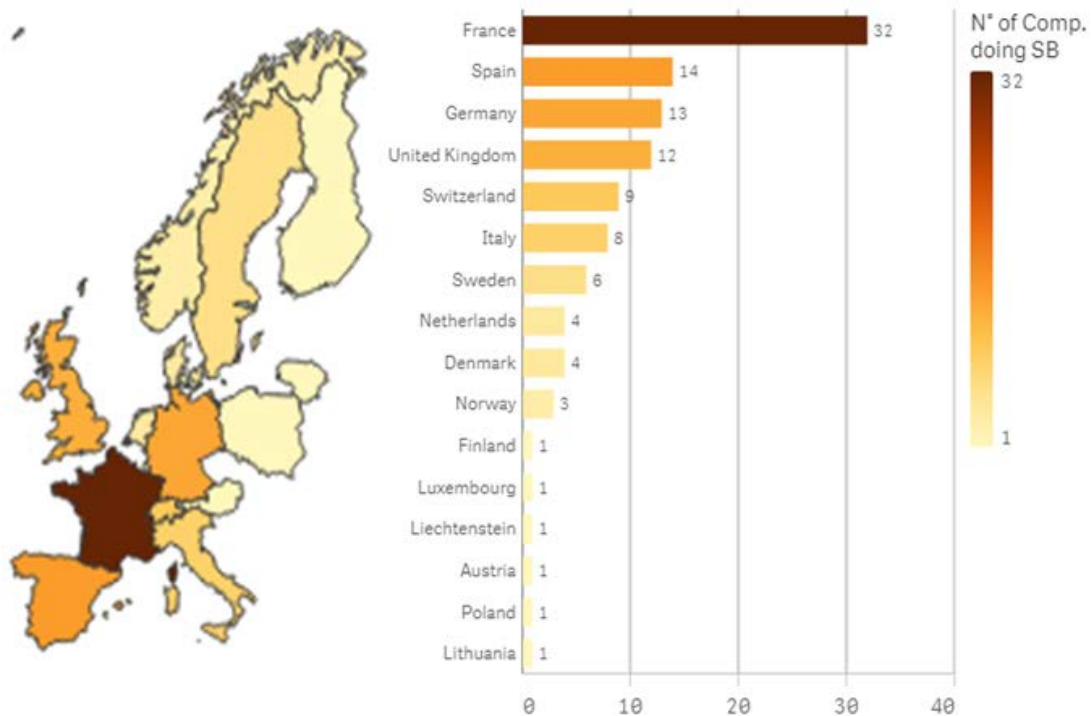


Figure 8 Distribution of Companies Doing SB at BOP

Analyzing the number of companies engaged in SB at BOP, relatively, to the initial distribution of the sample it is possible to observe that Switzerland, Italy and UK have the higher percentage of companies doing SB at BOP and amount, respectively, at 16%, 15% and 12%. If we focus on France and Spain we can observe that 7,5% of French companies are active in social business initiatives while only 4,4% of Spanish companies. Germany presents 8,2% of companies engaged in SB at BOP. Despite Nordic countries (Sweden, Denmark, Netherlands, Norway, Finland) present a fair number of member companies (381), the companies active in social business initiatives are only 19 equal to 5%. Finally, we can observe that each of the remaining countries (Poland, Austria, Lithuania, Luxembourg and Liechtenstein) present just one company active in social business at BOP.

In order to better understand the diffusion and the relevance of the phenomenon the number of employees working in companies engaged in social business at BOP has been analyzed. France is the country with more employees working for companies involved in social business activities, with almost 3 mln employees. Then follow Germany with 1.16 mln of employees, UK with 832.000 employees, Spain and Switzerland with almost 600.000 employees and 400.000 respectively, Italy and Netherlands with around 300.000 employees, Sweden with 182.000 employees. The other countries included in the sample present companies that employ less than 25.000 employees each

one. In figure below is reported the full list of the number of employees working in companies engaged in SB at BOP by country. Despite most of this employees are not directly involved in social business activities, is surprising that 6.5 mln of employees currently work for companies engaged in SB at BOP showing that the phenomenon has reached a fair level of diffusion among large European companies. As a result we can assert that social business is an emerging phenomenon that is gaining relevance in the last years and data show that a fair amount companies started to develop such type of initiatives.

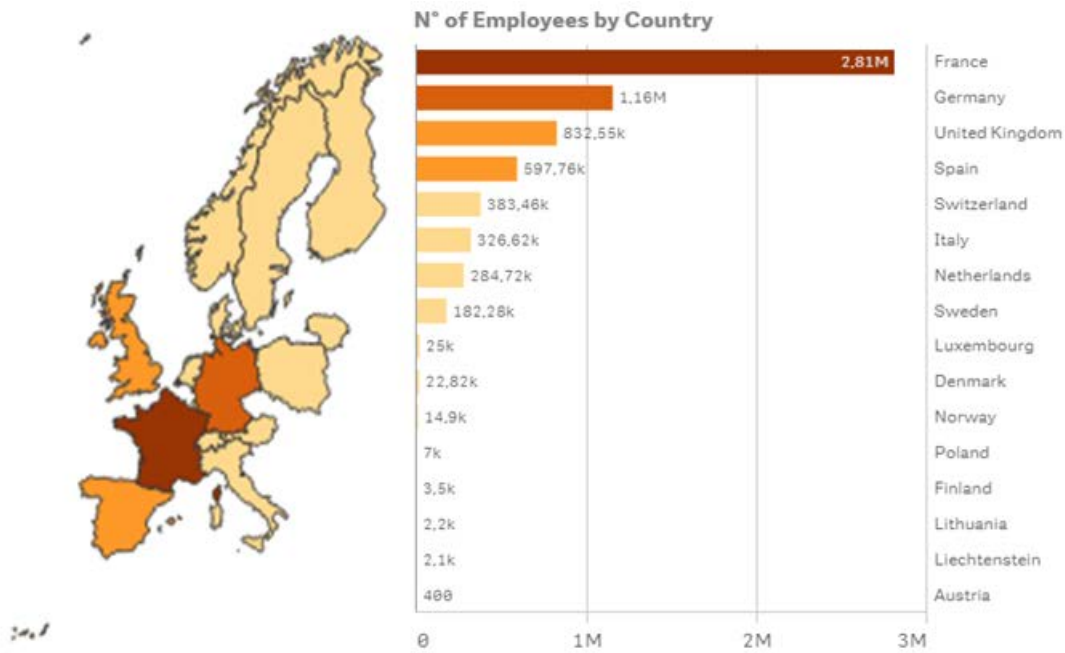


Figure 9 Geographic Distribution of n° of employees working for companies engaged in SB at BOP



## 5.2 Profile of European companies engaged in SB at BOP

This section has the objective of understand and describe the characteristics of companies engaged in SB at BOP. Indeed, in literature few evidence have been reported about the characteristics of companies engaged in SB at BOP and as a consequences outline the profile of such companies can contribute to the current debate on this emerging phenomenon. Despite, in literature few empirical studies have focused on how companies' characteristics influence the engagement of companies in social business at BOP more empirical studies have analyzed how such characteristics influence the engagement of companies in CSR (Aguinis and Glavas 2012; Blombäck and Wigren 2009; Melo and Garrido-Morgado 2012). According to Reverte (2009) empirical research on CSR are characterized by several approaches, one deals with explicative studies that investigate the potential determinants of CSR engagement. In our study we are interested in this approach, in other words, analyze whether a number of companies characteristics are potential determinants of SB engagement. Indeed, being social business an advance form of strategic CSR it is possible that the findings in the empirical CSR literature can be valid also for social business. Indeed, in literature many characteristics of firms have been used to explain companies CSR engagement (Aguinis and Glavas 2012). Firm's size is a recurring determinant, in literature, because higher size is usually associated with higher companies visibility, greater resource-slack and more evolved managerial processes, all factors that may have an impact of firm CSR engagement (Aguinis and Glavas 2012; Gallo and Christensen 2011; Udayasankar 2008). The second recurring factor studied in literature as determinant of the CSR engagement is the type of ownerships. Indeed, authors argue that different ownership types or governance structures have different effects on firms CSR engagement (Dam and Scholtens 2012; Gallo and Christensen 2011; Reverte 2009). In addition, in literature, have been identified industry-specific effects that impact firms CSR engagement (Banerjee et al. 2003; Gallo and Christensen 2011). Finally, in addition to the size, the ownership type, the country of origin and the sector, in our analysis we include two program-specific variables that are: the age of membership to the UNGC and the Global Compact differentiation level. The age of membership to the UNGC may have an effect on firms SB engagement because it can be considered a proxy of the company's experience in CSR. Indeed, since more years a company is member to the UNGC more experience has accumulated on CSR practices. On the other hand, the Global Compact differentiation level is a score that combines the level of information disclosure (transparency) and the level of implementation of advanced CSR criteria and best practices. So it is supposed that companies with different differentiation levels may present different levels of engagement in SB at BOP. As a result in this section we will analyze how the different characteristics profile companies doing SB at BOP versus member companies of the UNGC. The objective is to perform the analysis to help hypothesis generation (next section) on how such characteristics can influence the engagement of companies at BOP.

In figure below is reported the average number of employees of both member companies of the UNGC (left side) and companies doing SB at BOP (right side).

Avg n° of Employees EU Companies Member UNGC

Avg n° of Employees EU Companies Doing SB at BOP



Figure 10 Average N° of Employees

The average number of employees of companies engaged in SB at BOP is 59.900 compared to the average of 17.890 employees of member companies of the UNGC (sample). So on average companies doing social business are more than three times larger in terms of number of employees. In table below is reported the distribution of companies by size for each quartile. We can observe that companies doing social business are substantially larger compared to the member companies of the UNGC.

Member companies UNGC		Companies Doing SB at BOP	
N° of Employees	Value	N° of Employees	Value
250	Min	300	Min
672	25%	3.643	25%
2.200	50%	23.089	50%
10.440	75%	95.500	75%
620.000	Max	420.000	Max

Table 4 Companies Distribution by Quartile

In addition we can observe that 6,5 % of the member companies of the UNGC are actually engaging in SB at BOP but if we focus on the top 25% of companies in terms of size (fourth quartile of the UNGC distribution) such percentage increases at 15,5 %. In other words if we focus on companies larger than 10.440 employees 15,5% of them are actually doing SB at BOP, this means that one in seven companies does SB at BOP compared to one in sixteen companies of the total sample. These results suggest, as outlined in literature for CSR, that size can actually play a role in the engagement of companies in SB at BOP and probably positively influences their engagement.

The second characteristic analyzed is the ownership type. The UNGC classify companies according to four ownership types: publicly listed, private companies, subsidiaries and state-owned. In figure below is reported the distribution of companies by the type of ownership. In the left side are reported results relative to the full sample of UNGC, in the right side results related to companies doing SB at BOP. In particular, 68% of member companies of the UNGC are privately held, 23.4%

are publicly listed, 4.9% are state-owned and 3.6% are subsidiary. On the other hand, the distribution of companies engaged in social business at BOP is the following: 52% are private companies, 45% are publicly listed, 2% are subsidiary and less than 1% are state owned. It is worth noting that publicly listed companies represent 23% of the member companies of the UNGC while they amount to 45% of the companies engaged in the SB in BOP. So there is a strong increase in the proportion of this type of companies, which almost double their share in the sample of companies doing SB at BOP. On the other hand the proportion of companies classified as private, state-owned or subsidiary is reduced. In particular the proportion of private companies is reduced by 25%, the proportion of state owned by 37% and the proportion of subsidiary by 400%. Results suggest that companies publicly listed are more active in the development of SB at BOP and it is possible that ownership type influences to some extent the engagement of companies at BOP.

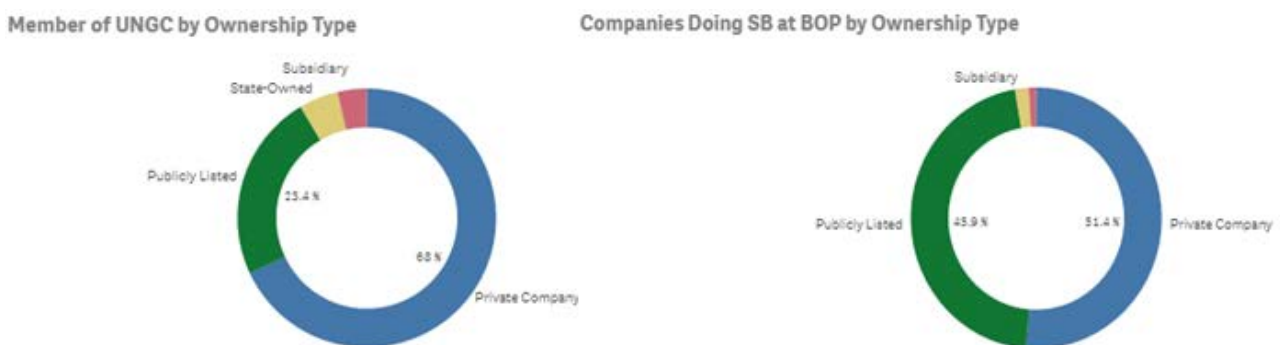


Figure 11 Companies Distribution by Ownership Type

The third characteristics analysed is the sector of provenance. In the annex n° 1 is explained the criteria used for the classification of sectors. In the table below, is reported the distribution of companies by sector for both samples. In particular we can observe a significant variation in terms of sector provenance among the two samples. The companies belonging to Financial Sector, Energy and Wash and Food and Beverage are almost two times more represented in the sample of companies doing social business compared to the initial distribution (see sixth column). Indeed, it is worth noting that 44% of companies doing SB at BOP come from these sectors. Other sectors present significant variation among samples, in particular Healthcare and Pharmaceuticals is more represented in the sample of companies doing SB compared to the initial distribution by 62%, Forestry and Paper by 57%, Chemicals by 50%, Mining by 19%, Technology and Hardware by 12%, Automotive by 7% and Personal Goods by 5%. Obviously the remaining sectors are underrepresented and in last column of the table are reported the values.

Sector Analysis	N° of Companies UNGC	% of Member companies of the UNGC	N° of Companies doing SB	% of Companies Doing SB	Variation (UNGC vs SB)
Energy and WASH	119	6,8%	15	13,5%	98%
Food & Beverage	105	6,0%	13	11,7%	95%
Financial Services	174	10,0%	21	18,9%	90%
Healthcare and Pharmaceuticals	68	3,9%	7	6,3%	62%
Forestry & Paper	20	1,1%	2	1,8%	57%
Chemicals	42	2,4%	4	3,6%	50%
Mining	66	3,8%	5	4,5%	19%
Technology and Hardware	98	5,6%	7	6,3%	12%
Automotive	44	2,5%	3	2,7%	7%
Personal Goods	30	1,7%	2	1,8%	5%
Industrials	159	9,1%	9	8,1%	-11%
Retail Trade	90	5,2%	5	4,5%	-13%
ICT	189	10,8%	7	6,3%	-42%
Other	245	14,0%	8	7,2%	-49%
Construction	119	6,8%	2	1,8%	-74%
Travel & Leisure	67	3,8%	1	0,9%	-77%
Aerospace & Defense	20	1,1%	0	0,0%	-
Industrial Transportation	74	4,2%	0	0,0%	-
Real Estate Activities	16	0,9%	0	0,0%	-
<b>Total</b>	<b>1745</b>		<b>111</b>		

Table 5 Companies Distribution by Sector

In figure below is reported the variation of the proportion of companies by sector between the two sample.

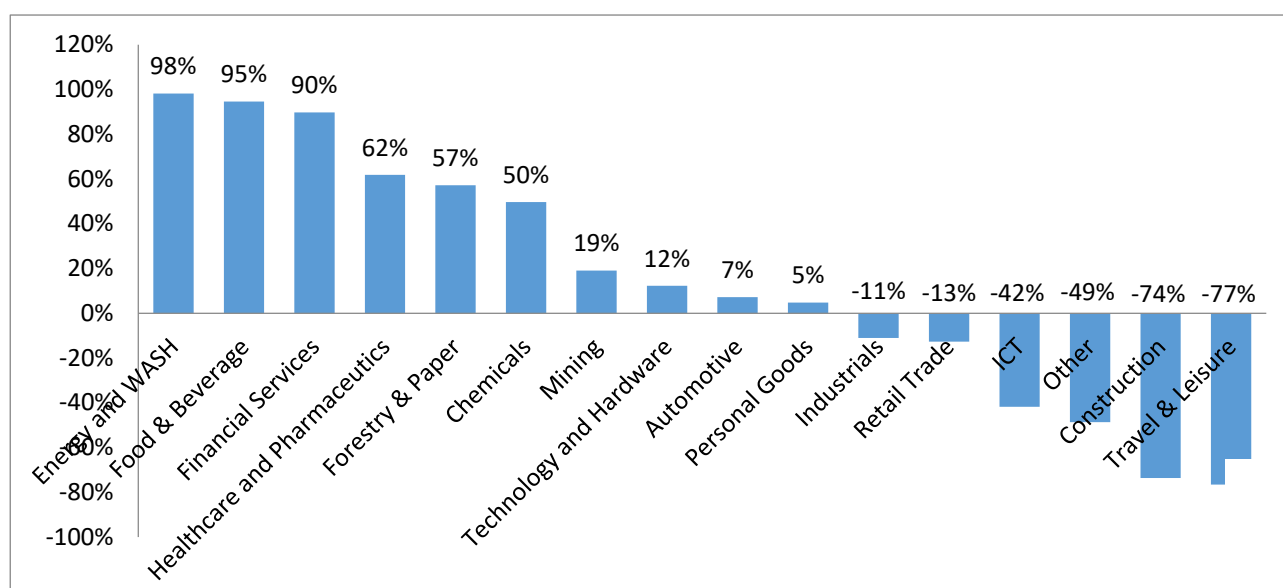


Figure 12 Variation of companies' proportion (%) between the UNGC sample and the sample of companies doing SB at BOP

From the analysis seems that company belonging to certain sectors such as Energy and Wash, Food and Beverage, Financial Services and Healthcare and Pharmaceuticals are more prone to engage in SB, compared to companies belonging to other sectors.

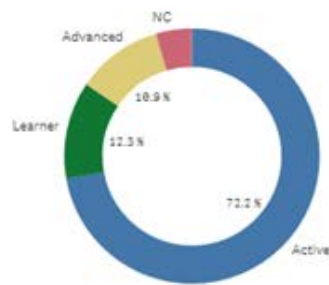
The fourth characteristics analysed is the age of membership to the UNGC. In figure below is reported the age of membership to the UNGC of both member companies of the UNGC (left side) and companies doing SB at BOP (right side).



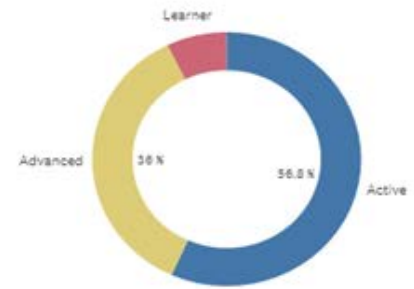
On average companies doing social business at BOP are “older” members of the UNGC compared to the full sample. Indeed, the average age of member companies of the UNGC amounts at 6,65 years while the average age of companies doing SB at BOP amounts at 9.92 years. This means that companies doing SB are on average more than three years older. This difference suggests that age of membership can influence the engagement of companies in SB at BOP. Indeed, the age of membership can be considered a proxy of the experience that a company has matured in CSR programs and, being the SB an advanced form of CSR, previous experience in the field can be a determinant of the engagement.

The last characteristic analysed is the Global Compact differentiation level. Indeed, each company member is classified based on the level of information disclosure and implementation of advanced CSR criteria and best practices. The differentiation level can assume four values: Advanced, Active, Learner and Non-communicating. Companies belonging to the advance category have implemented, in addition to the minimum requirements, advanced CSR criteria and best practices. Companies classified as active meet the minimum requirements. Companies belonging to learner category do not meet one or more of the minimum requirements. Companies classified as Non-communicating are companies that did not submit the communication on progress (COP is a report about the CSR activities performed) for the previous year. Indeed, the classification is a company’s self-assessment based on the type of COP that companies have submitted and in particular on the depth of information disclosure. The UN policy on COP reporting provides the key information including the minimum requirements for each COP. The minimum requirements that companies should include in their COP are: a statement by the chief executive expressing continued support for the UN Global Compact, a description of practical actions the company has taken or plans to take to implement the ten principles in each of the four areas and a measurement of outcomes. In the figure below is reported the distribution of companies according to the global compact differentiation level.

Companies Member of UNGC by GC Differentiation Level



Companies Doing SB at BOP by GC Differentiation Level



As we can observe the initial sample is composed by 72,2% of companies classified as active, 12,3% as learner, 10,9% as advanced and 4,5% as non-communicating. On the other hand, in the sample of companies doing SB at BOP 56,8% are classified as active, 36% as advanced and 7,2 % as learner. The proportion of companies classified as advanced increases by more than three times in the sample of companies doing social business. On the other hand the proportion of companies classified as active and learner decrease by 22% and 40% respectively. As a result companies classified as advanced seem more active in engaging in SB at BOP. This seem coherent with the fact that these companies have already implemented advanced CSR practices and so are best positioned to develop SB at BOP.

Concluding we can assert that companies doing SB at BOP are on average three times larger and three years older than the member companies of the UNGC. Companies publicly listed seem more active in doing SB compared to private companies, state-owned companies or subsidiaries. Companies with a differentiation level equal to advanced are more active in doing social business compared to companies classified as active or learner. Finally, companies belonging to certain sectors such as Energy and Wash, Food and Beverage, Financial Services and Healthcare and Pharmaceuticals seem more prone to engage in SB compared to companies operating in other sectors. However, there is a lack of empirical evidences to support such suggestions.

### 5.3 How companies' characteristics influence the engagement in SB at BOP

#### 5.3.1 Hypothesis Development

This section has the objective of explore how companies' characteristics influence the engagement of companies in SB at BOP. Indeed, in literature there is a relative paucity of information about this issue and as a consequence analyze whether and to which extent such relation exist can contribute to the current debate on this emerging phenomenon. Indeed, despite in literature few empirical studies have focused on how companies characteristics influence the engagement of companies in social business at BOP more empirical studies have analyzed how such characteristics influence the engagement of companies in CSR (Aguinis and Glavas 2012; Blombäck and Wigren 2009; Melo and Garrido-Morgado 2012). According to Reverte (2009) a relevant stream of (empirical) research on CSR deals with explicative studies that investigate the potential determinants of CSR engagement. In our study we analyze whether some companies characteristics, identified in

previous sections, are potential determinants of SB engagement. Indeed, being social business an advance form of strategic CSR the objective is to understand whether the findings in the empirical CSR literature are valid also in the context of social business or not. Indeed, in literature different characteristics of firms have been used to explain companies CSR engagement (Aguinis and Glavas 2012).

In particular, firm's size is a recurring variable used to explain CSR participation. The company's size has been applied, in literature, as a control variable to explain CSR engagement with significant results. It was also observed that size has a positive impact on company CSR performance. Other authors used size as a factor to explain the level of CSR engagement and convene that it has significant effects (Blombäck and Wigren 2009; Gallo and Christensen 2011; Reverte 2009; Udayasankar 2008). However, is widely shared, in literature, that company's size can be indicative of more complex dynamics that influence CSR engagement. Indeed, higher size is usually associated with higher companies visibility, greater resource-slack and more evolved managerial processes, all factors that may have a positive impact of firm CSR engagement (Aguinis and Glavas 2012; Gallo and Christensen 2011; Udayasankar 2008). Higher visibility implies higher external pressure of stakeholders that may lead to a stronger commitment in CSR activities (Reverte 2009). Gallo and Christensen (2011) and Blomback and Wigren (2009) argue that only large companies have the necessary human and financial resources to fully integrate the CSR into the business. In addition, larger companies have more evolved managerial process and skills and this enables them in dealing with external issues such as CSR (Udayasankar 2008). Being social business an advanced form of CSR it is likely that some findings outlined in the CSR literature hold true also for social business. Indeed, we have observed, from the analysis performed in the previous section, that companies engaged in social business at BOP are on average three times larger than the member companies of the UNGC. As consequences it is expected that size, being a proxy of the resource available, positively impacts the engagement of companies in SB at BOP. Therefore we suggest the following hypothesis:

**Hypothesis 1:** Size positively influences the engagement of European companies in Social Business at BOP

The second companies' characteristic that we analyze is the type of ownerships. In literature, the type of ownership has been identified as a factor that influences the engagement of companies in CSR. Indeed, authors argue that different ownership types or governance structures have different effects on firms CSR engagement (Dam and Scholtens 2012; Gallo and Christensen 2011; Reverte 2009). Gallo and Christensen (2011) found that publicly traded firms are more likely to make efforts in dealing with social or environmental issues compared to privately held firms. Indeed, publicly listed firms are more subjected to the risk of bad press and reduced stakeholders confidence and engaging in social causes can offset these risks (Gallo and Christensen 2011). Dam and Sholtens (2012) analyzed how different governance structures influence CSR performance finding contrasting results. Indeed, they observed that ownership by banks, institutional investors and the state is not associated to better CSR performance. On the other hand, they found a negative relationship between CSR performances and forms of ownership where the company is held by individual investors or employees. However, if we focus on companies doing social business at BOP we have observed that publicly listed companies are more active in doing social business at

BOP compared to private companies, state-owned companies or subsidiaries. Despite in literature there are conflicting results, data show that a potential association between the type of ownership publicly listed and SB engagement is plausible. Therefore we suggest the following hypothesis:

**Hypothesis 2:** Publicly listed companies are more likely than private companies, state-owned companies or subsidiaries to engage in social business at BOP.

The third characteristic analyzed is the sector of provenance. Previous studies have identified a significant impact of industry-specific effects on the engagement of firms in CSR (Banerjee et al. 2003; Melo and Garrido-Morgado 2012). In particular, Porter and Kramer (2002) argue that companies operating in controversial industry are more inclined toward corporate giving. Cai et al. (2012) argue that companies in sinful industries engage strategically in CSR and found a positive association between CSR engagement and the firm value. In literature there is a wide consensus that the level of CSR is highly influenced by the sector in which a firm operates (Melo and Garrido-Morgado 2012). In addition, some authors assert that the company's industry influences both the domain of CSR and the benefits that companies can achieve (Banerjee et al. 2003; Cai et al. 2012; Melo and Garrido-Morgado 2012; Reverte 2009). Furthermore, Melo and Garrido-Morgado (2012) argue that despite the effect of the industry on the CSR level is documented, is still unclear to what extent different sectors impact the CSR. According to (Hammond et al. 2007b) some sectors at BOP are more promising than others because present both a huge latent demand and other specific characteristics that make them interesting for companies that want to start their operations at BOP. Indeed, it is widely shared that sectors such as food, energy, financial services, housing, transportation, healthcare, ICT and water present huge business opportunity for companies that want implement new hybrid value creating strategies such as social business at BOP (Hammond et al. 2007b). Analyzing companies doing SB at BOP we have observed that, among the sectors defined in literature as promising (Hammond et al. 2007b), companies belonging to Energy and Wash, Food and Beverage, Financial Services and Healthcare and Pharmaceuticals are more prone to engage in SB compared to companies operating in other sectors. In particular, we observed that companies that belong to Energy and Wash, Food and Beverage and Financial Services almost double their proportion in the sample of companies doing SB at BOP compared to the initial distribution of member companies of the UNGC. In addition, companies that belong to Healthcare and Pharmaceuticals increase their proportion between samples by 67% (see table 5). These results show that companies coming from these sectors are much more active in doing SB at BOP and so would be interesting to understand whether and to which extent a relation exists or not. Therefore we want to explore if a positive association between sectors of provenance and the engagement of companies in SB exists or not.

**Explorative Research Objective 1** Understand whether and to which extent the belonging to Energy and Wash, Food and Beverage, Financial Services and Healthcare and Pharmaceuticals influences the engagement of companies in social business at BOP compared to companies operating in other sectors.

The fourth variable analyzed is the country of origin. Jamali and Mirshak (2006) affirm that cultural differences affect how companies develop CSR practices in different context. In addition, the role of governments and the related CSR policies can influence the level of CSR in a given country (Knudsen et al. 2013). Indeed, governments in different European countries can use different of



regulatory instruments (from endorse, through facilitation and partnership, to mandate) to promote social responsibility (Albareda et al. 2007; Knudsen et al. 2013). Furthermore, authors have identified some trend of CSR government policies among European countries (Knudsen et al. 2013). Governments of Southern and Eastern Europe are more prone to develop endorsement policies that imply low regulatory pressure. Scandinavian countries and UK implement stronger regulatory frameworks through a mix of facilitation, partnership and mandate. Finally, countries in Northern Europe use a mix of facilitation and mandate. Albareda et al. (2007) found similar results in terms of European CSR policy trends. However, despite these worth studies, it is difficult to discern how different CSR policies can impact the engagement of companies in SB at BOP. Indeed, many factors can influence the choice of the company including public policies at community level (EU) or international level. However, from the analysis performed in the prior section we observed that companies already engaged in SB initiatives at BOP come from 16 countries (over 32); this suggests a strong geographic concentration of the phenomenon among European countries. Indeed, 71% of companies doing SB at BOP belong to only five countries. If we analyze the proportion of companies doing SB compared to the initial sample (member companies of the UNGC), we found that companies belonging to some countries are more active in doing SB at BOP. In particular, the proportion of Italian companies increases by 147%, Swiss companies by 129%, UK companies by 104%, German companies by 29% and French companies by 17%. As a consequence we expect that companies belonging to these five countries are more prone to engage in SB at BOP. Therefore we want to explore if a relation between countries of origin and the engagement of companies in SB exists or not.

**Explorative Research Objective 2** Understand whether and to which extent the belonging to Germany, France, Switzerland, Italy and UK influences the engagement of companies in social business at BOP compared to companies belonging to other countries.

In addition to variables widely treated in literature, in our analysis we introduce two program-specific variables that can have effect on the engagement of companies in SB at BOP. The first variable analyzed is the age of membership to the UNGC. The age of membership can be considered a proxy of the company's experience in CSR. Indeed, since more years a company is member to the UNGC more experience has accumulated on CSR practices. From the previous analysis has been found that on average companies doing social business at BOP are "older" members of the UNGC, in other words are companies with a ten year experience in CSR. Being the SB an advanced form of strategic CSR, a prior experience in CSR can be determinant for the engagement of companies. Indeed, it is expected a positive association between the age of membership and the engagement of firms in SB. Therefore we suggest the following hypothesis:

**Hypothesis 3:** Age of Membership positively influences the engagement of European companies in Social Business at BOP

The second program-specific variable analyzed is the Global Compact differentiation level. The global Compact differentiation level is a score that combines the level of information disclosure and the level of implementation of the ten principles into the companies' strategies and operations. So it is supposed that companies at different levels of CSR maturity may have different level of engagement in SB at BOP. In particular, we assume that companies with a differentiation level equal to advanced have implemented more evolved CSR practices and as a consequence have

matured more experience in advanced CSR models and achieved better corporate sustainability performance. Results partially support such assumption showing that companies classified as advanced are more active in SB at BOP. Indeed, these companies, having more experience in dealing with advanced CSR practices, are best positioned to develop SB at BOP. Therefore we suggest the following hypothesis:

**Hypothesis 4:** Companies with a Global Compact differentiation level equal to advanced are more likely to engage in social business at BOP compared to companies classified as active or learner.

### 5.3.2 Sample

As explained in the previous section, the database was created starting from the database of the United Nation Global Compact (UNGC), the world's leading corporate responsibility program. Companies have been selected by 32 European countries. To create the database has been downloaded the list of companies, with more than 250 employees, that participate in the UNGC. In addition to geography, observations were downloaded according to the following criteria: type-company, status-active, status-non-communicating. The resulting sample amounts at 1745 companies coming from 30 countries.

### 5.3.3 Empirical Model

The analysis about companies' characteristics has the objective of understanding whether and to what extent some companies' features are relevant in explaining participation of companies in social business activities. The model is structured as follow. The dependent variable is the binary outcome of companies doing SB at BOP. In other words it assumes value 1 if the company has engaged in SB at BOP 0 otherwise. The model will be tested with a logistic regression, being a suitable method to deal with binary outcome. Indeed, the logistic regression is appropriate when the dependent variable can assume only two possible values representing the presence or absence of an attribute of interest (Rodriguez 2007).

The independent variables are:

**Size:** according to (Shalit and Sankar 1977) there is no a single measure of firm size that is superior to others but the choice depends on the objective of the research. According to (Shalit and Sankar 1977) the most common available measures are: total dollar annual sales, total assets net of depreciation and depletion, total number of employees, stockholders' equity, market value of the firms at year end. Due to practical considerations of data availability, in our study the company's size is calculated in number of employees and in particular in thousands of employees.

**Ownership:** the ownership in our sample can assume four values: Publicly listed, Private Company, State-Owned and Subsidiaries. Our objective is to support the hypothesis that publicly listed companies are more likely to engage in SB at BOP compared to other ownership types. As a

consequence the ownership is operationalized as a dummy variable (Ownership2) that assumes value 1 if the company is publicly listed and 0 otherwise.

Sector: in the database of the United Global Compact companies are classified according to four three sectors we reduce the number of sectors to nineteen through an aggregation of similar sectors in macro category (in annex 1 the sector aggregation table). However, we want to understand whether and to which extent the belongings to four sectors (energy, food financial sector and health care and pharmaceuticals) influences the engagement of companies in SB at BOP. Accordingly sector is operationalized as a dummy variable (Top Sectors) that assumes value 1 if companies belong to Energy, Food, Financial Services and Healthcare and 0 otherwise.

Country: the analysis of geographic distribution of companies engaged in SB at BOP outlines that such companies belong to a limited number of countries mainly in Western and South Europe. In particular the objective is to understand whether and to which extent the belongings to the following five countries Germany, France, Switzerland, Italy and UK influences the engagement of companies in social business at BOP. As a consequence the country is operationalized as dummy variable (Top 5 Countries) that assumes value 1 if companies belong to Germany, France, Switzerland, Italy and UK and 0 otherwise.

Age of Membership: is as a continuous variable operationalized as the number of years of membership to the UNGC.

Global Compact Differentiation Level: it can assume four values: Advanced, Active, Learner and Non-communicating. The objective is to support the hypothesis that companies with a Global Compact differentiation level equal to advanced are more likely to engage in social business at BOP. As a consequence it is operationalized as dummy variable (GCDL2) that assumes value 1 if a company has a differentiation level equal to advanced and 0 otherwise.

### 5.3.4 Results

The mean, standard deviation, min and max of continuous variables are provided in table 6.

Variable	Mean	Std. Dev.	Min	Max
AgeofMem	6.64777	4.194437	.5150685	16.20274
NofEmp000	17.88567	50.28628	.25	620

Table 6 Descriptive Statistics Continuous Variables

In table 7 are reported the frequency, the percentage and cumulation of the four dummy variables. In particular, ToP 5 Countries includes: Italy, Switzerland, UK, France and Germany. Top Sectors includes: Energy and Wash, Financial Services, Food and Beverage and Helathcare and Pharmaceuticals. GCDL2 includes the companies with advanced global compact differentiation level. Ownership includes publicly listed companies.

TOP Sectors	Freq.	Percent	Cum.
0	1,279	73.30	73.30
1	466	26.70	100.00
Total	1,745	100.00	

. tabulate Top5Countries

Top 5 Countries	Freq.	Percent	Cum.
0	951	54.50	54.50
1	794	45.50	100.00
Total	1,745	100.00	

. tabulate GCDL2

GCDifferentiationLevel ==Advanced	Freq.	Percent	Cum.
0	1,555	89.11	89.11
1	190	10.89	100.00
Total	1,745	100.00	

. tabulate Ownership2

Ownership== Publicly Listed	Freq.	Percent	Cum.
0	1,336	76.56	76.56
1	409	23.44	100.00
Total	1,745	100.00	

**Table 7 Summary Table Dummy Variable**

In table 8 is reported the correlation matrix. A review of table 8 indicates that all pairwise correlations are within acceptable ranges.

	AgeofMem	NofE~000	Top5Co~s	TOPSec~s	GCDL2	Owners~2
AgeofMem	1.0000					
NofEmp000	0.2937*	1.0000				
Top5Countr~s	0.0519	0.1539*	1.0000			
TOPSectors	0.0910*	-0.0168	-0.0625*	1.0000		
GCDL2	0.3106*	0.2292*	-0.0128	0.0801*	1.0000	
Ownership2	0.2962*	0.2879*	0.0405	0.0513	0.2192*	1.0000

Table 8 Correlation Matrix

We address the hypothesis using a model based on a logistic regression. In table below are reported the results.

Logistic regression	Number of obs	=	1745
	LR chi2(6)	=	143.97
	Prob > chi2	=	0.0000
Log likelihood = -341.20931	Pseudo R2	=	0.1742

CompanyDoingSB	Odds Ratio	Std. Err.	z	P> z	[95% Conf. Interval]
AgeofMem	1.107311	.0297127	3.80	0.000	1.05058 1.167105
NofEmp000	1.004537	.001324	3.43	0.001	1.001945 1.007135
Top5Countries	2.327638	.5205213	3.78	0.000	1.501634 3.608
TOPSectors	2.94384	.6327668	5.02	0.000	1.931754 4.486179
GCDL2	2.683629	.6736741	3.93	0.000	1.640758 4.389353
Ownwership2	1.317424	.3123555	1.16	0.245	.8277697 2.096727
_cons	.0081805	.0023791	-16.53	0.000	.0046263 .0144655

Table 9 Logistic Regression

As table 9 reports all coefficients are statistically significant except for Ownership type that shows inconsistent result.

The company size is statistically significant and positively related to the SB engagement. However, the effect of size is quite low. Indeed, an increase in size equal to ten thousand employees increases the probability of doing SB at BOP by 4,5%. Such result is in line with the literature that used size as a factor to explain the level of CSR engagement and convenes that it has significant effects (Blombäck and Wigren 2009; Gallo and Christensen 2011; Reverte 2009; Udayasankar 2008). As a result, we support hypothesis 1 and we can states that size positively influences, even if to a small extent, the engagement of European companies in social business at BOP.

Ownership type is the only variable that does not shows a significant influence on SB engagement. Despite Gallo and Christensen (2011) found that publicly traded firms are more likely to make efforts in dealing with social or environmental issues compared to privately held firms, in our analysis we did not found a significant relationship. On the other hand, Dam and Sholtens (2012) in

their analysis on how different governance structures influence the level of CSR found contrasting results. As a result, further researches are needed and we cannot support hypothesis 2. Indeed, ownership type is not relevant in explaining the engagement of companies in social business at BOP.

**Sector:** Top Sector dummy is significant and positively related to the engagement of companies in SB at BOP. In particular, companies belonging to energy and wash, food and beverage, healthcare and pharmaceuticals and financial services are three times more likely to do SB at BOP compared to companies operating in other sectors. It is worth noting that sector's effect is the strongest among the characteristics analyzed. This result is in line with previous studies that have identified a significant impact of industry on the engagement of firms in CSR (Banerjee et al. 2003; Melo and Garrido-Morgado 2012). As a result, we can state that European companies belonging to energy and wash, food and beverage, financial services and healthcare and pharmaceuticals are more likely to engage in social business at BOP compared to companies operating in other sectors.

**Country:** Top 5 Countries dummy is significant and positively related to the engagement of companies in SB at BOP. In particular, companies belonging to Switzerland, Italy, UK, France and Germany are about two times more likely to do SB at BOP compared to companies belonging to other countries. Such result is consistent with previous studies where authors affirm that cultural differences and national CSR policies can influence how companies develop CSR in a given country (Albareda et al. 2007; Jamali and Mirshak 2006; Knudsen et al. 2013). As a result we can state that European companies belonging to Germany, France, Switzerland, Italy and UK are more likely to engage in social business at BOP.

**Age:** age of membership is statistically significant and shows a positive relation with the engagement of companies in SB at BOP. In particular, an increase of one year of membership increases the likely of doing SB at BOP by 10%. This result is consistent with the fact that more a company has experience in CSR more is likely that it engages in advanced CSR practices such as social business. As a result, we support hypothesis 3 and we can state that the age of membership positively influences the engagement of European companies in social business at BOP.

**The UNGC Differentiation Level:** is significant and positively related to the engagement of companies in SB at BOP. In particular, companies with a differentiation level equal to advanced are about two point five times more likely to do SB at BOP compared to companies classified as active or learner. Indeed, companies with a differentiation level equal to advanced have already implemented evolved CSR practices and are best positioned to engage in SB at BOP. As a result, we support hypothesis 4 and we can states that companies with a Global Compact differentiation level equal to advanced are more likely to engage in social business at BOP compared to companies classified as active or learner.

Concluding we can assert that companies engaged in SB at BOP are characterized by the features reported in table below.

<b>Company Characteristics:</b>	<b>Values positively associated to the engagement in SB at BOP</b>
<b>Size</b>	Large Companies
<b>Sector</b>	Energy and Wash, Financial Services, Food and Beverage and Healthcare and Pharmaceuticals
<b>Country</b>	Switzerland, Italy, Germany, France and UK
<b>Age of Membership</b>	Old Members of the UNGC
<b>Global Compact Differentiation level</b>	Advanced CSR Practices

Table 10 Characteristics of Companies Doing SB at BOP

## 6. Analysis of Social Business Configurations

### 6.1 Literature Review

A useful framework developed in literature to identify the key characteristics of the social business configurations is the social business model developed by Yunus et al., (2010). The concept of business model is not new in literature and was firstly mentioned by Druker in 1954. However, it gained relevance as an independent research topic over the last two decades and it was applied by scholars to study different corporate settings (Boons and Lüdeke-Freund 2013; Dahan et al. 2010). Boons and Lüdeke-Freund (2013) assert that the concept of business models was mobilized in three main research streams. The first stream, that gives birth to the concept in early 90' (Boons and Lüdeke-Freund 2013; Dahan et al. 2010), focuses on the development of new business models as a consequences of the market introduction of a new technology (ICT) that changes the company's logic of operating and earnings profits. The second stream is related to the strategic management literature where authors applied the concept, to analyse the business architecture, as a tool for modelling, design and structure an efficient business. The third stream is "strategy-oriented" (Boons and Lüdeke-Freund 2013). Such scholars focus on the capacity of a firm to create and deliver value to customers as a key source of competitive advantage. From this perspective, Casadesus-Masanell and Ricart (2010) assert that "*strategy refers to the choice of business model through which the firm will compete in the marketplace*", in other words a company's business model is the result of its strategy (Casadesus-Masanell and Ricart 2010 pp.196). Despite the concept of business model is widely mentioned in literature, authors argue that there is not a shared and consistent definition (Casadesus-Masanell and Ricart 2010; Teece 2010; Thompson and MacMillan 2010). Chesbrough & Rosenbloom (2002) provide a detailed operational definition "*the functions of a business model are to: articulate the value proposition [], identify a market segment [], define the structure of the value chain [], estimate the cost structure and profit potential [], describe the position of the firm within the value network [], formulate the competitive strategy []*"(Chesbrough and Rosenbloom 2002 pp.7). Johnson et al., (2008) assert that a business model is composed by four interdependent elements: customer value proposition, profit formula, key resources and key process. Casadesus-Masanell and Ricart (2010) argue that a "*business model is about how an organization earns money by addressing these two fundamental issues - how it identifies and creates value for customers, and how it captures some of this value as its profit in the process*" (Casadesus-Masanell and Ricart 2010 pp.197). Boons and Lüdeke-Freund (2013) follow a similar approach and assert that a business model includes a value proposition, a supply chain, a customer interface, and a financial model. As a result, through the analysis of the different definitions three elements have been identified as recurrent. The first element of a business model is the definition of how the company creates value, also called value proposition or customer value proposition represents the bundle of products or services offered to the customer segments (Casadesus-Masanell and Ricart 2010; Osterwalder and Pigneur 2010; Teece 2010; Thompson and MacMillan 2010). The second recurring element is how the company is organized to produce and deliver products and services to the customers. It includes the description of the internal and the external value chain such as key partners, key resources, key activities and marketing channels (Boons and Lüdeke-Freund 2013; Osterwalder and Pigneur 2010; Yunus et al. 2010). The third element is the definition of how the company capture values describing costs and revenues structure and how value is distributed among the various stakeholders (Chesbrough and Rosenbloom 2002; Johnson et al. 2008). However, is



worth noting that some authors have applied the concept of business model to analyse organizations with the aim of creating social value in addition to economic one (Dahan et al. 2010; Seelos and Mair 2005, 2007; Thompson and MacMillan 2010; Yunus et al. 2010). Boons and Lüdeke-Freund (2013) in their literature review about sustainable business models identified three streams of literature which appear particularly relevant: “technological, organizational, and social innovation”. The last stream of literature is relevant for the scope of the research because analyses business models related to social value creation. As authors state: “*these [business] models are discussed in the context of the recently emerging concept of social entrepreneurship (SE) that embraces different approaches such as “bottom of the pyramid” (BOP) strategies or social businesses*” (Boons and Lüdeke-Freund 2013 pp.15). Thompson and MacMillan (2010), challenging the traditional charitable aid strategies, argue that to improve the living conditions of people living at BOP the development of new business models able to satisfy their most pressing social needs while creating profits can be a promising solution. Indeed, there is a wide consensus, among scholars, about the necessity of develop innovative solutions related to cost and financial structure, supply chain configuration, delivery channel or technology applications in order to overcome market inefficiencies and develop viable business models to penetrate low market segments of BoP (Anderson and Billou 2007; Prahalad and Hammond 2002; Prahalad and Hart 2002). From this point of view companies in order to engage the BoP markets has to develop new business models tailored on the cultural, social, economic and geographic conditions of the local context. Yunus et. al., (2010) building on his experience with the Grameen Group proposes a social business model framework to analyse and develop social business initiatives at BoP.

## 6.2 Research Framework

The social business model proposed by Yunus et al., (2010) is originally composed by four elements: value proposition, value constellation, social profit equation and economic profit equation. In addition to the four elements identified by Yunus et. al., (2010) we have added one element relevant to understand why companies engage in such initiatives that are the CSR company’s objectives, in other words the objectives that companies aim to achieve through the development of SB at BOP. Indeed, companies when engage in SB at BOP can be motivated by different objectives that may range from moral motivations to strategic motivations. Therefore, in principles the social business configurations developed by companies to engage in SB at BOP can be influenced by the type of objectives a company wants to achieve. As a result we decided to include the objectives of companies in the model. In figure below is reported the research framework.

**Company (CSR) Objectives:** According to Carroll and Shabana (2010) the motivations of companies to undertake social activities can be historically attributed to external pressure of society. Some researches reveal that business managers, when engage in social activities, may be motivated by instrumental considerations and by internal values in addition to external pressures (Burke and Logsdon 1996; Carroll and Shabana 2010; Davis 1973; Hahn and Scheermesser 2006; Porter and Kramer 2002, 2006; Waddock 2004). In literature, the pluralities of objectives to engage in corporate social initiatives tend to be clustered in two main approaches: a strategic perspective and a moral perspective (Brønn and Vidaver-Cohen 2009; Graafland and van de Ven 2006).

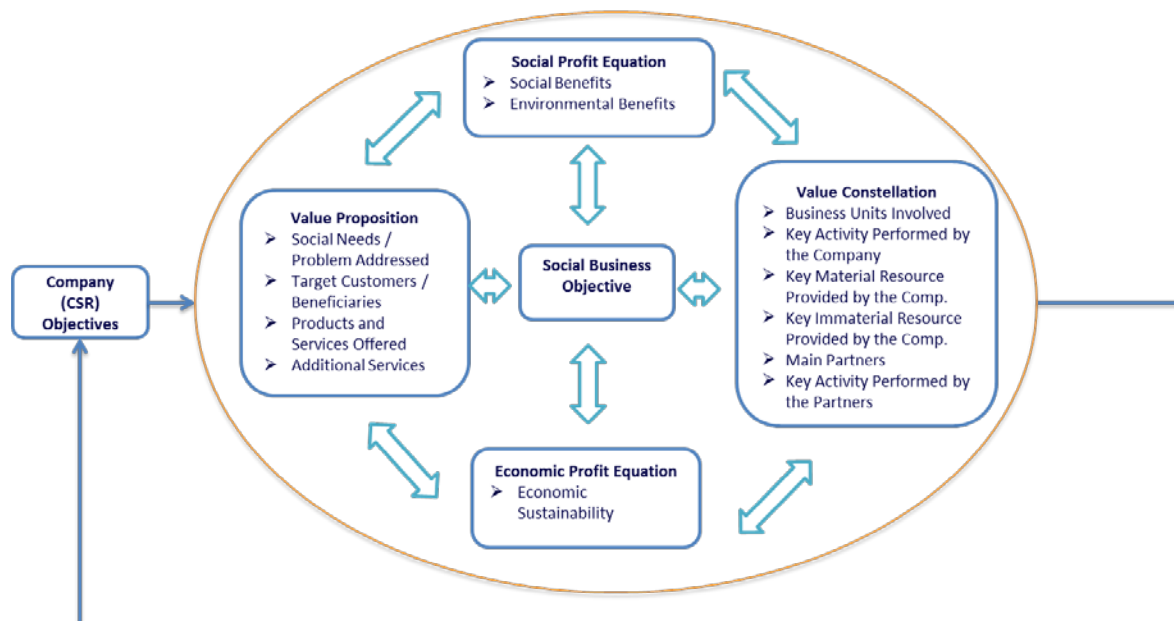


Figure 13 Social Business Model - adapted from Yunus et al., (2010)

The strategic perspective includes instrumental and institutional motivations. The first refers to the positive impact that corporate social activities may have on company value creation strategies in terms of image return or benefits from a good corporate reputation. But analyzing the literature on the social business at BOP, the most recurrent objectives of companies, that have developed mixed strategies to create social and economic value in these markets, are strategic in nature (Kahle and Ernst 2012; Karnani 2007; Kolk and van Tulder 2006; Lenz and Pinhanez 2012; Seelos and Mair 2007). The three set of objectives that seem most relevant are the opportunity to develop innovations, the opportunity to make learning investment and the opportunity to enter in high growth markets. Opportunity for innovation refers to both the development of new products and services to meet the needs of low income populations and the development of new business models (Brugmann and Prahalad 2007; London 2007a; Schrader et al. 2012). Indeed, there is a growing awareness about the necessity of develop innovative solutions related to products, finances and supply chain configurations in order to overcome market inefficiencies and develop viable business models at BoP (Prahalad and Hammond 2002). Such innovations can then be successfully transferred and implemented in developed markets with many potential benefits for the company and the consumers (Prahalad and Hart 2002). Furthermore, the development of SB in BoP markets can be used by companies as a learning investment to explore new markets. For instance, they can develop SB at BoP to acquire skills, knowledge, information and to build capabilities or to establish relationships to disclose new growth opportunities (London et al. 2010). Indeed, such learning investments can be seen as a first step of a wider entry strategy toward new high growth markets that are in the early stage of economic development. Another recurring objective is the opportunity of strengthening the international supply chain. Indeed, the creation of a social business can be useful to create or expand delivery channels or to aggregate local producers with the aim of reinforcing procurement strategies (Power and Wilson 2012). The institutional motivations consist in the capacity to respond to institutional pressures either externally (from customers, state or local community), internally (employees) or laterally (competitors or industry associations) in order to

preserve or enhance the company’s legitimacy and credibility (Brammer et al. 2012; Campbell 2007; Matten 2006). The moral or ethical perspective refer to moral values and the desire of “give something back to society” or, in other words, make positive and voluntary contributions to the community where the company operates. Moral motivations seem to be a powerful driver of corporate social engagement (Brønn and Vidaver-Cohen 2009; Graafland and van de Ven 2006; Hahn and Scheermesser 2006; Hemingway and Maclagan 2004). In the figure below are summarized the objectives that companies can pursue when engage in social business at BoP respect to the three categories identified: instrumental to economic value creation, institutional pressure and moral motivations.

Approach	Nature	Objectives	References
Strategic perspective	Instrumental to economic value Creation	<ul style="list-style-type: none"> <li>&gt; Opportunity for innovation (product, service, process, BM)</li> <li>&gt; Opportunity to enter in new markets</li> <li>&gt; Learning Investment</li> <li>&gt; Transfer Knowledge</li> <li>&gt; Strengthen Supply Chain</li> <li>&gt; Better Access to information</li> <li>&gt; Improve Image</li> <li>&gt; Enhance Reputation</li> </ul>	Porter and Kramer 2002 , 2006 ; Carroll 2010 ; Kolk et al 2006 ; London et. al., (2011) Shrader et. al., 2012 ; Hahn 2006 ; Davis 1973 ; Ven van de and Graafland 2006; Han and Scheermesser 2006 ; Matten 2006
	Institutional Pressure	<ul style="list-style-type: none"> <li>&gt; Fulfill Stakeholder Expectations</li> <li>&gt; Customer Demands (Loyalty)</li> <li>&gt; Meet Shareholder Demands</li> <li>&gt; Employees Motivation</li> <li>&gt; Reaction to Competitor Behavior</li> </ul>	Ven van de and Graafland 2006 ; Han and Scheermesser 2006 ; Matten 2006 ; Tasavori 2013 ; Marano 2011; Nejati and Amran 2009 ; Brammer et. al., 2012 ; Campbell et. al., 2007
Moral perspective	Moral Motives	<ul style="list-style-type: none"> <li>&gt; Concern for Society's Future</li> <li>&gt; Share Resources with Society</li> <li>&gt; Be Recognized for Moral Leadership</li> <li>&gt; Personal Satisfaction</li> </ul>	Brammer et. al., 2012 ; Ven van de and Graafland 2006 ; Han and Scheermesser 2006 ; Matten 2006

Figure 14 Classification of Companies' Objectives

**Value Proposition:** it encompasses the analysis of the social problem / need addressed, the products and services offered including the other complementary services needed to solve the problem. But it includes also the analysis of customer segments and stakeholders in order to ensure that all stakeholders are targeted by the value proposition or are properly included in the value constellation depending on their role in the business model (Boons and Lüdeke-Freund 2013; Yunus et al. 2010). The analysis of the social problem / needs addressed consists in the identification of the needs that a company aims to satisfy through the development of the social business. It is worth noting that companies can focus on different type of needs. We can distinguish between companies that develop the SB to satisfy final beneficiaries’ needs and companies that support social businesses such as social enterprise, social start-up or microfinance institutions through the provision of different services in a business to business relationship. Once has been defined the social problem / needs addressed the subsequent step is to identify the customer segments that are affected by the problem or express the needs. Customer segments are considered the hearth of the business model and refer to the “*different groups of people or organizations an enterprise aims to reach and serve*” (Osterwalder and Pigneur 2010 pp.20). We can distinguish between companies that develop social businesses that target final consumers / beneficiaries and companies that focus their value propositions toward social oriented organizations that then provide products and services to final consumers. In order to create value for a specific customer segment

companies must design a bundle of products and services (Osterwalder and Pigneur 2010). Products and services offered may range from new products and services specifically designed to serve low income people living at BOP to consultancy services and strategic support provided to existing social business. However a successful value proposition possesses some distinguishing characteristics that make it better compared to existing solution. For instance, a value proposition can focus on the provision of low-cost high-quality products and services to increase affordability or can focus on increasing accessibility of products and services in rural areas through the development of innovative distribution channel (Power and Wilson 2012). It is worth noting that social business initiatives at BOP very often design inclusive value propositions rich of complementary services. Indeed, to promote affordability of durable products or services such as education, healthcare, housing or energy system many organizations integrate the offer with the opportunity to get access to microcredit. Other companies have developed new value proposition, to make products and services accessible and affordable to the BOP, such as innovative self-construction technique to increase access to housing or new lending methodologies to provide access to credit or new products such as small-scale community purification systems, public water pipes or home filters to increase access to drinkable water. However, regardless of the specific strategies a successful value proposition at BOP should find new way to satisfy unmet social needs.

**Value Constellation:** it describes how the organization produces and delivers the offer to the customers. The value constellation is composed by the internal value chain and the external value chain including how partners, suppliers and other stakeholders interact in the system (Yunus et al. 2010). In particular, in the value constellation can be included different elements. According to Osterwalder and Pigneur (2010) the value constellation includes the key activities, the key resources and the key partners. Other authors confirm that partners, resources and activities are key elements of a business model (Chesbrough and Rosenbloom 2002; Johnson et al. 2008; Zott and Amit 2010). Power and Wilson (2012) focusing on how large companies can develop social business at BOP argue that different business units can be involved in the development. As a result, in order to understand the role of the companies in the development of the social business, have been analysed: the key activities performed by the company, the key resources provided by the company, and the business units involved. On the other hand to understand the role of partners have been analysed the main partners involved and the key activity performed by the partners (Osterwalder and Pigneur 2010). Key activities are the most important actions a company must perform to create and deliver the value proposition. Key activities may refer to the production, the training, the design of participatory approaches or the management of the funding process. Obviously the key activities depend on the specific social business developed. Key resources are the most important assets necessary to make the business model work such as human capital, financial capital, technology, facilities or equipment (Johnson et al. 2008; Osterwalder and Pigneur 2010). It is possible to distinguish between material resources such as products, equipment or technology and immaterial resources such as competences, expertise or patents. Key partners refer to the network of partners involved in the development of the social business. As mentioned in previous section, social business initiatives are usually developed through the creation of partnership between the company and mission driven organizations (NGOs, NPOs or social enterprise). However, it is worth noting that very often the system of partnerships created to develop SBs is more complex and more players are involved (Graf and Rothlauf 2012). Indeed, can be included different type of partners, in the development of the SB, such as NGOs, social enterprise, local institutions, local incubators,

universities, international agency and so on. The last elements analysed in the value constellation are the key activities performed by the partners. Indeed, depending on the specific social business models they may vary from funding activities to the management of the social business on the field.

**Social Profit Equation:** It represent the social / environmental value creation strategy and the impact generated, in other words describe which are the social or environmental benefits created by the social business and how they are distributed among stakeholders (Yunus et al. 2010). It is worth noting, that measure the social value created by a social business is a very complex task due to its multidimensional nature. Furthermore, the social (or environmental) impact created by a social business is long term oriented. Indeed, social benefits become observable and measurable over a longer time horizon compared to economic ones.

**Economic profit equation:** It is composed by costs and revenues structure and relative margins; it is the result of the design of the value proposition and the value constellation (Yunus et al. 2010). It includes also the capital employed and how it will be repaid. The economic profit equation has the objective of outlines the revenue model and the costs structure in order to assess the economic sustainability of the social business (Johnson et al. 2008; Osterwalder and Pigneur 2010). Focusing on social businesses at BOP an efficient use of resources becomes crucial to deliver affordable products and services. In the costs' structure should be analyzed the proportion of fixed and variable costs, the opportunity to develop economies of scale or scope. On the other hand different business models possess different revenue models. Probably the most known revenue model is the sale of the ownership rights of a product. Other revenue models may rely on: usage fee where more the service is used more the customer pay such as for mobile communication or energy services, subscription fee such as for private school enrolment or rely on a renting model a such as car sharing system (Johnson et al. 2008; Osterwalder and Pigneur 2010). However, it is worth noting that companies can develop social businesses through different CSR programs characterized by different degree of economic sustainability. Indeed, even if the social business itself it is sustainable, by definition, the programs that companies may create to promote social business at BOP are not necessarily sustainable.

## 6.3 Method

### 6.3.1 *Data collection*

In order to analyze the role of companies in the development of SB at BOP and identify the related social business configurations, the social business model framework has been applied. Indeed, for each companies engaged in SB, in addition to the information collected in the database, it is prepared a more detailed company's form (profile). The information collected are useful to both understand the role of companies in the development of the SB and identify the specific social business configurations they have designed. An example of company's form is presented below accordingly to the frameworks used to conduct the study.

Data have been collected by the companies' websites, the sustainability reports and other project-specific reports. Data have been collected according to the six sections reported in the company's form. The first section includes the general information about the companies, the second provides

information about the specific program analyzed, the third reports both the objectives of the companies and the objectives of the social business, the fourth collects information about the value proposition of the initiative, the fifth about the value constellation, the sixth about the performance achieved in other words the social and economic profit equation. So, for each company has been prepared a detailed profile including the above mentioned information. However, it is worth noting that over 111 companies analyzed, 14 companies do not provide neither in the website nor in the sustainability report the necessary information to fill the form adequately. As a consequence they have been excluded from the analysis. In order to assess the presence of potential selection biases for firms with missing information a logistic regression has been performed. The binary outcome is represented by the company with missing data and the regressors are the companies characteristics i.e. size, age of membership to UNGC, sector of provenance, geographic area, ownership type and global compact differentiation level. Being all independent variables statistically insignificant we can conclude that companies with missing information do not present different characteristics compared to the full population of company members to the UNGC. Furthermore, in the sample have been included three companies that develop two social business initiatives worth of attention. As a consequence for these companies have been included two observations each one. The resulting sample amounts at 100 observations. In other words have been analyzed 100 social business initiatives developed by 97 companies. In table below is reported the company's form of OSRAM as an example of the information collected for each of the 100 SB initiatives.

### Company Report: Osram Licht AG

<b>General Information:</b>	
<b>Company Name:</b>	Osram Licht AG
<b>Mission:</b>	We Shape the Future of Light by advancing solutions for: <ul style="list-style-type: none"> <li>➤ illumination</li> <li>➤ visualization</li> <li>➤ and sensing</li> </ul>
<b>Type of Ownership:</b>	Publicly Listed
<b>Sector:</b>	Electronic & Electrical Equipment
<b>Country:</b>	Germany
<b>Membership date to the UNGC:</b>	11/01/2005
<b>N° of Employees:</b>	33900
<b>Global Compact Differentiation Level:</b>	Learner

<b>Program Information:</b>	
<b>Website Section Analyzed:</b>	Sustainability > Social
<b>Name of the Program Analyzed:</b>	OSRAM Off-Grid Lighting (WE!Hubs) - A sustainable solution
<b>Sustainability Report (if analyzed):</b>	Yes - Solar Energy for Rural Kenya WE!Hub – Water-Energy Hubs - Handbook
<b>Website link:</b>	<a href="http://www.osram.com/osram_com/sustainability/social/off-grid-lighting/index.jsp">http://www.osram.com/osram_com/sustainability/social/off-grid-lighting/index.jsp</a>

<b>Objectives</b>	
<b>Company Objectives (if declared):</b>	The concept of OSRAM Off-Grid Lighting provides exciting and challenging business opportunities for OSRAM, its partners and local inhabitants. Indeed, the model generates income and creates jobs, and provides the basis for new business models such as distributing charged luminaires and purified water to villages further away.
<b>Objectives of the social business:</b>	Provide (to people in remote areas) access to affordable, safe and climate-friendly lighting as well as to filtered and purified drinking water, and supporting modern communication.
<b>Value Proposition</b>	
<b>Social Problem / Need Addressed:</b>	Reduce "Fuel-based lighting" a very inefficient light source, kerosene-based lighting is expensive, polluting, dangerous and poses a health hazard to its users and reduce the consumption of contaminated drinking water.
<b>Target Customer:</b>	Poor people in remote communities without access to affordable energy and clean drinking water.
<b>Products and Services offered:</b>	The WE!Hubs offer a broad range of products. Affordable and environmental friendly lighting products, clean drinking water, Mobile Phone Charging Station and Internet Cafè.
<b>Field of SB activities (Sector):</b>	Energy and Wash
<b>Geographic Target:</b>	Africa

<b>Description of resources provided and activities performed:</b>	
<b>Key Material Resource Provided:</b>	OSRAM designed and developed the lighting products for the WE!Hubs
<b>Key Immaterial Resource Provided:</b>	Technical Expertise and skills
<b>Key Activity Performed by the Comp.:</b>	The company supports the preparation and construction of the WE!Hubs and provides the project's technical and conceptual expertise.
<b>Business Units Involved:</b>	The program is included in the Corporate Social Responsibility program
<b>Main Partners:</b>	The Global Nature Fund (GNF), the German Siemens Stiftung, The European Union, Light for Life and Thames Electricals that is an importer and wholesaler for electrical accessories
<b>Key Activity Performed by the Partners:</b>	<ul style="list-style-type: none"> <li>➤ The GNF is involved in project management, consulting and training.</li> <li>➤ Siemens Stiftung supports the project financially and with expertise in social entrepreneurship.</li> <li>➤ The European Union supports the project financially through the "ACP-EU Energy Facility"</li> <li>➤ Light for Life is a Kenyan company acting as a social business to operate and expand the WE!Hub concept.</li> <li>➤ Thames Electricals set up the social business Light</li> </ul>

	for Life and supports this company with its expertise in local logistics, storage, procurement and administrative services.
<b>Other Notes</b> (if relevant):	Osram has developed new Products for Off-Grid Lighting specifically designed for BoP and for use in connection with energy stations. There are many areas of application for OSRAM Off-Grid Lighting products. The O-LANTERN LED is used in households and small shops for late-night reading, studying and working. The O-BOX SOLAR in combination with the O-LAMP BASIC is also used for night fishing on Lake Victoria. Compared to kerosene lanterns and candles, battery operated lighting has a number of advantages. In addition to lower costs it is mainly the lack of emissions such as smoke and soot, as well as increased safety and simple control that are important for customers.

<b>Performances Achieved:</b>	
<b>Social Benefit</b>	Each Hub can serve around 1,000 households, especially targeting fishermen, domestic users and shop-keepers. In this framework, five WE!Hub stations will be installed in rural areas without grid-access and strong reliance on agriculture and fishery as the dominant source of income.
<b>Economic Sustainability</b>	Each Hub is economically sustainable indeed the customers pay a fee in order to get access to the different products offered: lighting, water, phone recharge or internet services

Table 11 - Company's Form – Osram Case

### 6.3.2 Data Coding

The data collected are qualitative in nature, indeed, in the company profiles, have been reported, for each dimension (variable) of the social business models, the paragraphs reported in the website (or in the reports analyzed) that explain the state of that specific variable. It is worth noting that not all companies provide extensive information in the website or in the sustainability report as well, in these cases the researcher reports the label associated to the state of that specific variable.

Indeed, in order to operationalize the data collected a coding procedure has been performed. The coding process is based on an open coding system. Indeed, according to the different states that each variable can assume, it was difficult to define a coding structure a priori, except for the companies' objectives where a theoretical classification is provided in the previous section of this paragraph. As a result each variable included in the model has been coded according to the coding structure reported below.

**The Objectives of companies:** Moral Motivation, Enhance stakeholders Relationships, Employees Motivation and Retention, Develop Innovation (product, services, business model), Increase



Legitimacy, Create New Markets, Improve Reputation and Image, Strengthen Value Chain, Increase long-term growth, Not Declared.

<b>Variables:</b>	<b>State 1</b>	<b>State 2</b>	<b>State 3</b>	<b>State 4</b>
<b>Objectives of the Social Business</b>	Unemployment and Local Entrepreneurship	Financial Inclusion	Support SEs or MdOs	Access to Basic Services
<b>Elements of the Social Business Model</b>				
<b>Social Problem or Needs Addressed</b>	Lack of Financial Resources	Lack of financial Resources and/or Skills	Final Beneficiary Needs	
<b>Target Customer / Beneficiaries</b>	MdOs	SEs	Final Beneficiaries	
<b>Products and Services Offered</b>	Grant or In-kind Donation	Loan or Equity and strategic Support	Products, services, tech or specific expertise to final beneficiaries	
<b>Business Units Involved</b>	Corporate Foundation	CSR / Sustainability Unit	Dedicated Units / Organization	
<b>Key Activity Performed by the Company</b>	Funding Activities	Funding Activities and Support activities	Involved in the development of the SB	
<b>Key Material Resource Provided</b>	Donations	Funds in form of investment	Funds and Company Product or Technology	
<b>Key Immaterial Resource Provided</b>	Competences and Skills	None		
<b>Main Partners</b>	MdOs	SEs	Multi-Stakeholders	None
<b>Key Activity Performed by the Partners:</b>	Management of the SB	Provide Funds and/or Support Services	Co-design and co-development of the SB	Not Relevant
<b>Economic Sustainability</b>	No (Company cover costs)	Partially (company cover part of the costs)	Yes (the program is sustainable)	

Table 12 Coding Structure

First of all, it is worth noting that the social profit equation or social benefits created have not been included in the coding structure for different reasons. First, not all companies provide reliable information about the value created by the initiatives. In other words the statements about the social value generated are vague and general. Second, very often the value created by a social business is multidimensional with different benefits for different stakeholders and codify a multidimensional phenomenon in a nominal variable is problematic if not arbitrary. Unless, the codification of the social impact would be based on the level of value created such as low impact, medium impact and high impact social businesses. But many companies do not provide a reliable quantification of the social value created by the initiatives on the corporate website or in the sustainability report as well. As a result due to the lack of reliable data it was decided to exclude such variable from the quantitative analysis. A similar problem hold true also for company's objectives and social

business's objectives indeed, also this variables are subjected to lack of reliable data and information on the corporate website.

In addition it is worth noting that the coding procedure was performed by a single researcher. In order to increase the internal validity of data collected it was performed in two stages. A first stage where data have been collected and a preliminary coding has been performed and a second stage where the preliminary coding was checked and refined. Indeed, in theory, to increase internal validity the coding process should be performed by multiple researchers and then by comparing coding results it is possible to reduce biases related to personal interpretation.

### **6.3.3 Data Elaboration**

In order to understand the role of companies in the development of SB at BOP and identify the related social business configurations the following elaborations have been performed. In particular, in order understand the role of large companies descriptive statistics of the variables included in the social business model have been analyzed. On the other hand, to identify the social business configurations that companies have developed to engage in SB at BOP a multiple correspondence analysis and a cluster analysis has been performed.

**Descriptive Statistics:** are elaborated to figure out the role of large companies in the development of social business. In other words, the researcher has analyzed the key characteristics of the social business initiatives according to the research framework adopted.

**Multiple Correspondence Analysis:** has been performed to: reduce the number of variables, find latent factors, transform binary variables into continuous ones in order to perform the cluster analysis in the Euclidean space and reduce variables multicollinearity.

It is worth noting that two variables have been excluded from the MCA analysis (and as consequence from the cluster analysis). Indeed, the objectives of companies and the objectives of the social businesses have been dropped out due to the fact that not all companies provide both in the corporate website and in the sustainability report clear information. And so some data about the states of such variables are lacking. As a consequence the MCA analysis and the subsequent cluster analysis have been performed only with the variables included in the social business models presented above in the coding structure (Table 12 - Coding Structure). The MCA has been used, because it is a suitable method to analyze observations described by a set of nominal variables. In addition, it allows reducing the high number of variables included in the model in few latent factors. It also allows reducing the problem of multicollinearity among variable. Indeed, by subjecting variables to MCA and using the resultant uncorrelated factor as the basis for a cluster analysis addresses the problem of multicollinearity (Ketchen and Shook 1996). The result of MCA leads to the identification of 5 latent factors from 31 binary variables. The choice of the number of factors was made accordingly to the elbow method reported in figure below. Interpretation of factors will be provided in the next session about results discussion.

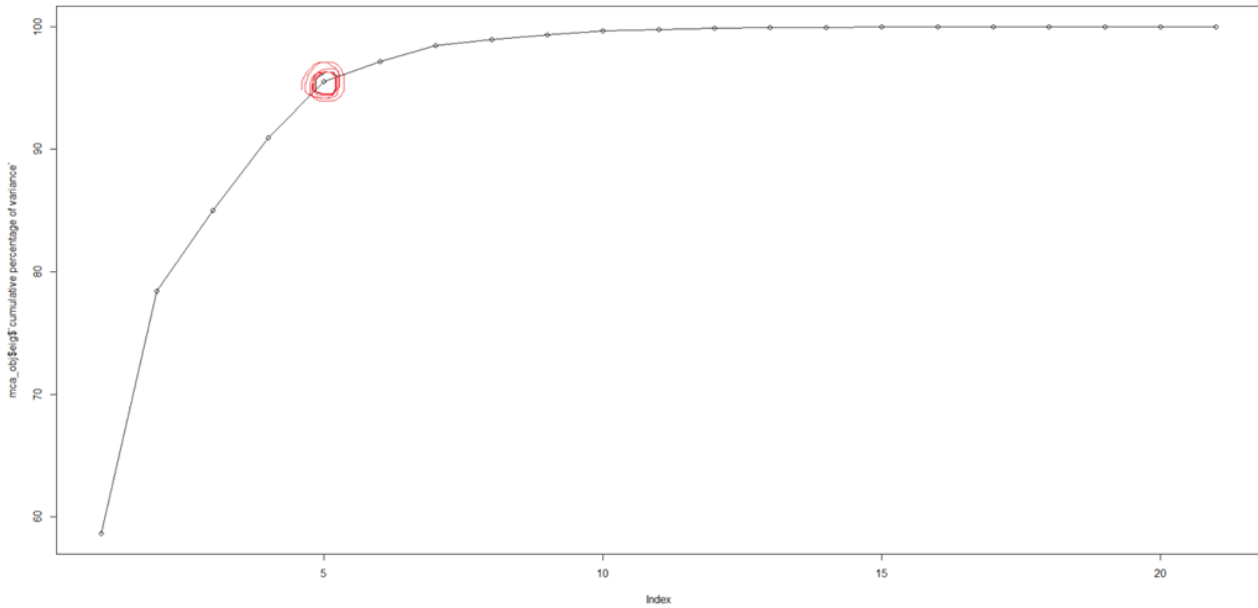


Figure 15 Multiple Correspondence Analysis

**Cluster Analysis:** has been performed through a hierarchical joining cluster technique. To perform the cluster analysis different hierarchical joining algorithms have been tested (Ward, Complete, Single and Average) and in the following table are reported the Cophenetic coefficients related to the goodness of fit of the different methods. Simply speaking the Cophenetic coefficients measure the distance between the clustering dendrogram (cluster algorithm depending of linkages method) and real distance of the sample (over 0.7 is a good fit)

Average	Complete	Single	Ward
0.8938678	0.8709144	0.8461708	0.8703380

Table 13 Cophenetic Coefficient

Being all coefficients over 0.7 the choice has been based on interpretation of results (dendograms). In other words, has been chosen the linkage method that lead to more significant results in terms of cluster interpretation. Indeed, according to the “interpretation” criteria, the Ward method has been adopted. The optimal number of cluster has been identified accordingly to the elbow method and, as reported below, can be recognized two elbows in correspondence of three and seven clusters.

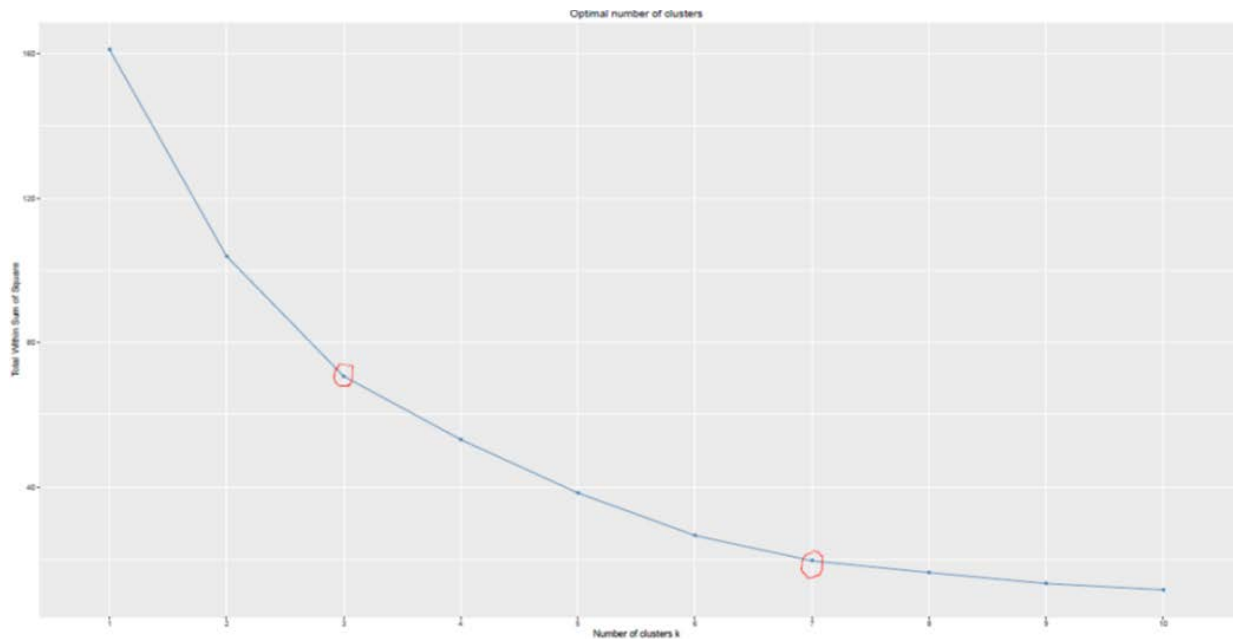


Figure 16 Cluster Analysis

The natural number of cluster is identified in correspondence of three and seven cluster. Despite three clusters are significant they give little information about the social business configurations developed by companies. Indeed, the analysis based on three clusters identifies only the three main configurations of Philanthropy, Investment and Integrated models. As a consequence, with the objective of get richer information about the phenomenon has been decided to base the analysis on seven clusters as the optimal number. Indeed, with seven clusters is possible to identify more specific social business configurations. Then in order to verify if clusters are statistically significant a MANOVA analysis and single ANOVA analysis have been performed, results are reported below.

<p><b>Global MANOVA</b></p> <p>Df Pillai approx F num Df den Df Pr(&gt;F)</p> <p>as.factor(cut.7w) 6 4.1998 81.355 30 465 &lt; 2.2e-16 ***</p> <p>Residuals 93</p> <p>--- Signif. codes: 0 '***' 0.001 '**'</p>	<p><b>Single ANOVAs</b></p> <p><b>Response Dim.1 :</b></p> <p>Df Sum Sq Mean Sq F value Pr(&gt;F)</p> <p>as.factor(cut.7w) 6 61.717 10.2862 398.2 &lt; 2.2e-16 ***</p> <p>Residuals 93 2.402 0.0258</p>
<p><b>Single ANOVAs</b></p> <p><b>Response Dim.2 :</b></p> <p>Df Sum Sq Mean Sq F value Pr(&gt;F)</p> <p>as.factor(cut.7w) 6 33.747 5.6244 150.38 &lt; 2.2e-16 ***</p> <p>Residuals 93 3.478 0.0374</p>	<p><b>Single ANOVAs</b></p> <p><b>Response Dim.3 :</b></p> <p>Df Sum Sq Mean Sq F value Pr(&gt;F)</p> <p>as.factor(cut.7w) 6 13.7778 2.29630 27.596 &lt; 2.2e-16 ***</p> <p>Residuals 93 7.7388 0.08321</p>
<p><b>Single ANOVAs</b></p> <p><b>Response Dim.4 :</b></p> <p>Df Sum Sq Mean Sq F value Pr(&gt;F)</p> <p>as.factor(cut.7w) 6 17.3990 2.89983 88.884 &lt; 2.2e-16 ***</p> <p>Residuals 93 3.0341 0.03262</p>	<p><b>Single ANOVAs</b></p> <p><b>Response Dim.5 :</b></p> <p>Df Sum Sq Mean Sq F value Pr(&gt;F)</p> <p>as.factor(cut.7w) 6 14.9592 2.49321 80.713 &lt; 2.2e-16 ***</p> <p>Residuals 93 2.8728 0.03089</p>

The result of the MANOVA shows that the mean of one cluster is statistically significant and different from the others for at least one factor. The results of ANOVA show that at least the mean of one cluster is statistically significant and different from the others for each of the five factors identified in the MCA. Then in order to understand which clusters are statistically significant and different compared to the different factors has been performed the Tuckey test and the Scheffè test. The results show that all clusters are statistically significant and have different means compared to other clusters for at least three factors. Results of both tests are reported below.

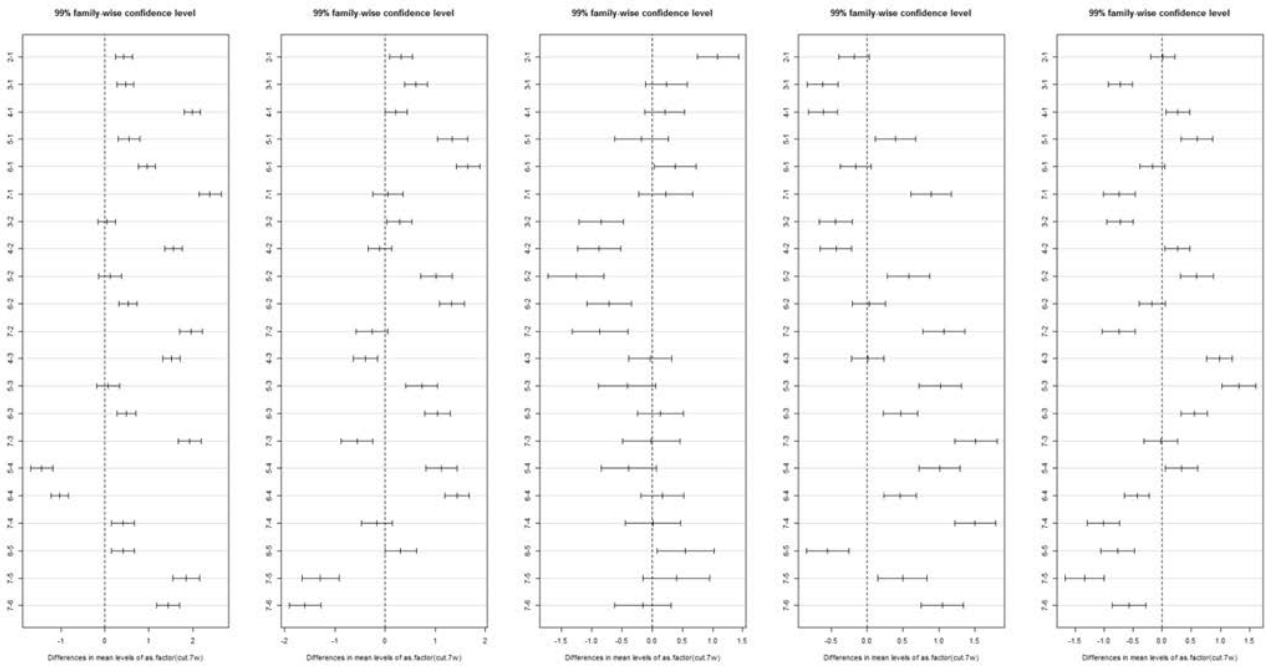


Figure 17 Tukey Test

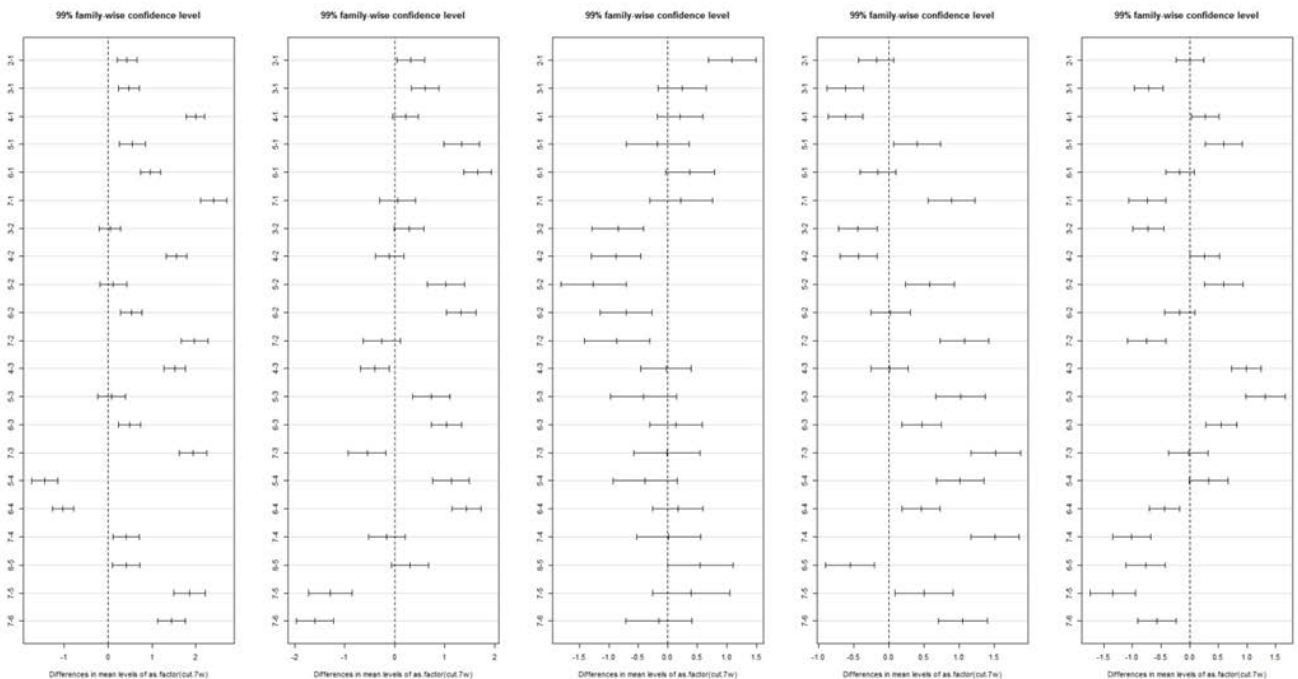


Figure 18 Scheffè Test

## 6.4 Results

### 6.4.1 Analysis of the characteristics of the Social Business

In order to understand the role of large companies in the development of social business at BOP an analysis of the different characteristics of the social business models have been performed through descriptive statistics elaboration.

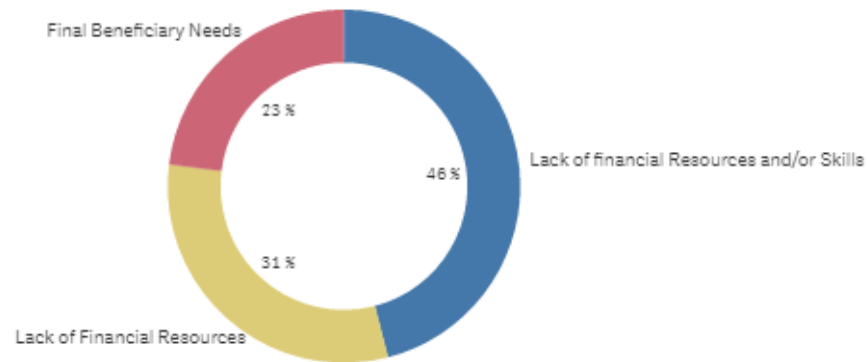


Figure 19 Needs Addressed

**Needs Addressed** - The main needs satisfied by companies that engage in SB at BOP are: the lack of financial resources of existing social businesses (31%), the lack of skills and expertise (46%) in addition to financial resources and the needs of final beneficiaries (23%). It is worth noting that 77% of companies do not interact directly with final beneficiaries but adopt a business to business strategies with the aim of support social businesses or local disadvantaged entrepreneurs that operate at BOP. On the other hand 23% of companies develop social business to satisfy the needs of final beneficiaries.

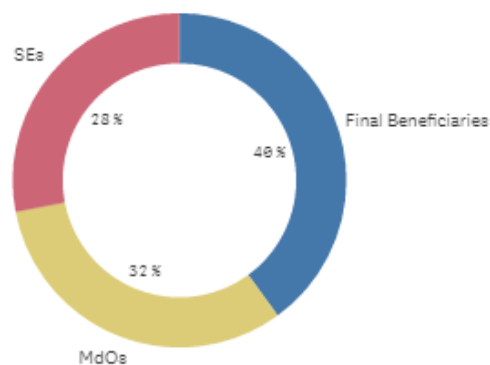


Figure 20 Target Customer / Beneficiaries

**Target Customer / Beneficiaries** - In terms of target customer 28% of companies target social enterprise, 32% mission driven organizations and 40% final beneficiaries. The social enterprise category includes existing social enterprise, social start-up and MFIs. In the category of mission driven organization are included NGOs and NPOs that run a social business at BOP. In final beneficiaries are included local disadvantaged entrepreneurs and final customers.

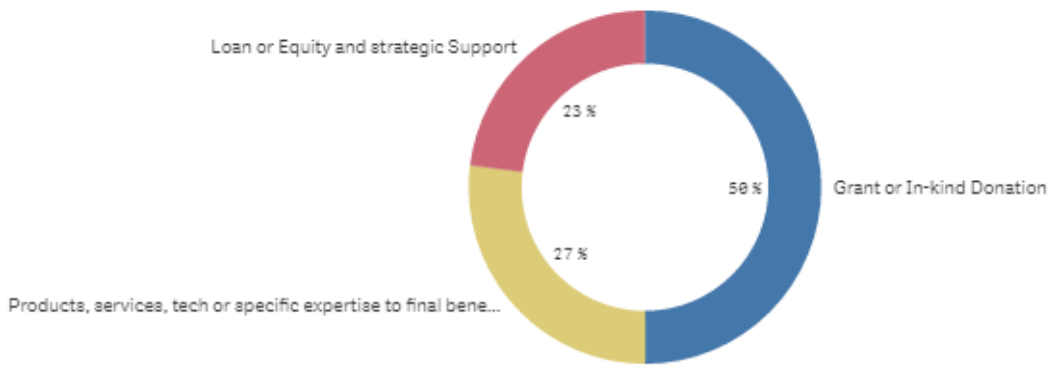


Figure 21 Product and Services

**Products and Services** - The lack of financial resources and competences of social enterprise, MdOs and local entrepreneurs are satisfied through the provision of two main types of services: grant and in-kind donation and loan or equity and strategic support. On the other hand the needs of final consumers are satisfied through the provision of products and services specifically developed for the BOP. Companies to develop such products and services leverage specific competences, skills and technologies. As a result we can identify three main value propositions: a philanthropic value proposition where companies provide monetary and in-kind donations to MdOs, SEs or local entrepreneurs, an investment value proposition where companies provide loans or equity funds and strategic support and a “BOP tailored value proposition” where companies develop products and services specifically designed to serve the BOP.

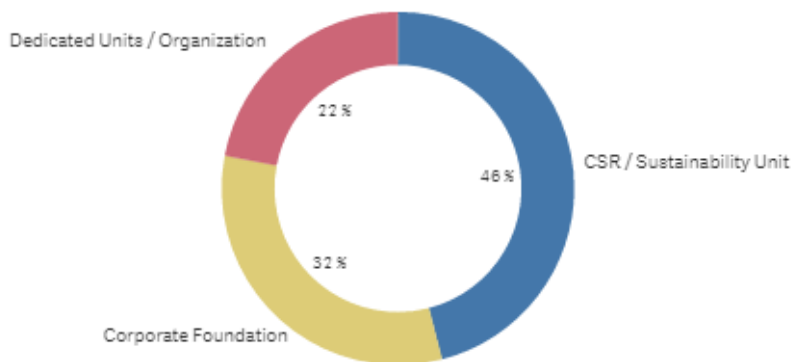


Figure 22 Business Unit Involved

**Business Units** - In terms of business units involved in the development of the social business we can observe that 32% of the initiatives have been developed by companies’ foundations, 46% by the CSR / sustainability unit and 22% by a dedicated unit or organization created ad hoc.

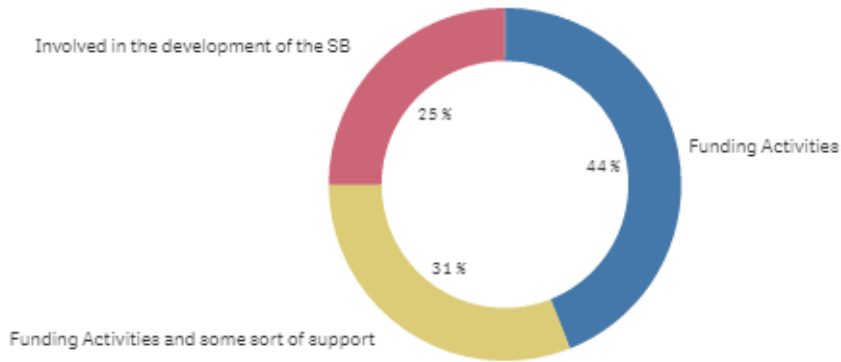


Figure 23 Key Activity performed by the Company

**Key Activity** - In terms of main activities performed by the companies we can discriminate among companies that perform mainly funding activities (44%), companies that in addition to funding perform support activities to promote the development of social business (31%) and companies that are highly engaged in the SB at BOP and so perform activities related to the design, the development and the management of the SB (25%).

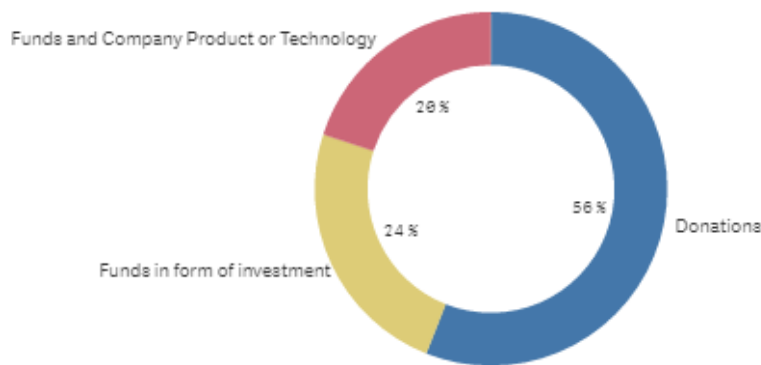


Figure 24 Key Material Resources Provide by Companies

**Material Resources** - In terms of key material resources 56% of companies provide monetary or in kind donations, 24% provide funds in form of investment and (20%) funds and company products or technology.

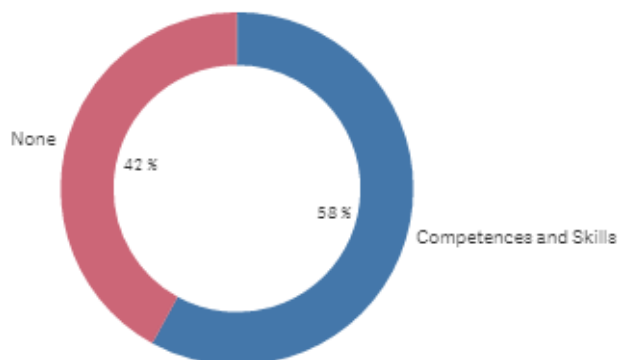


Figure 25 Key Immaterial Resources provided by Companies



**Immaterial Resources** - In terms of key immaterial resources 58% of companies provide its own competences and skills while 42% of companies do not provide immaterial resources.

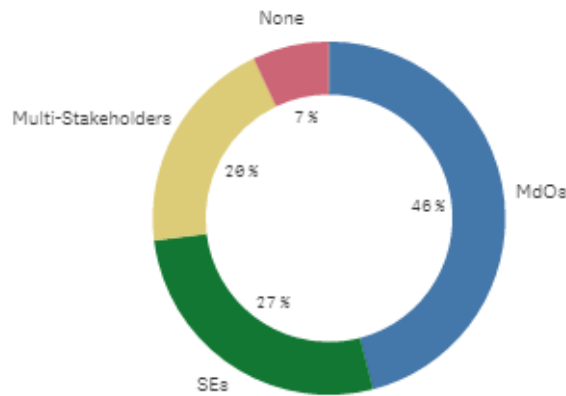


Figure 26 Key Partner

**Key Partner** - Companies usually develop SB at BOP through the creation of partnerships. Indeed, 46% of companies develop SB at BOP in collaboration with MdOs, 27% in collaboration with SEs, 20% through the creation of a multi-stakeholders partnerships and 7% without significant partners.

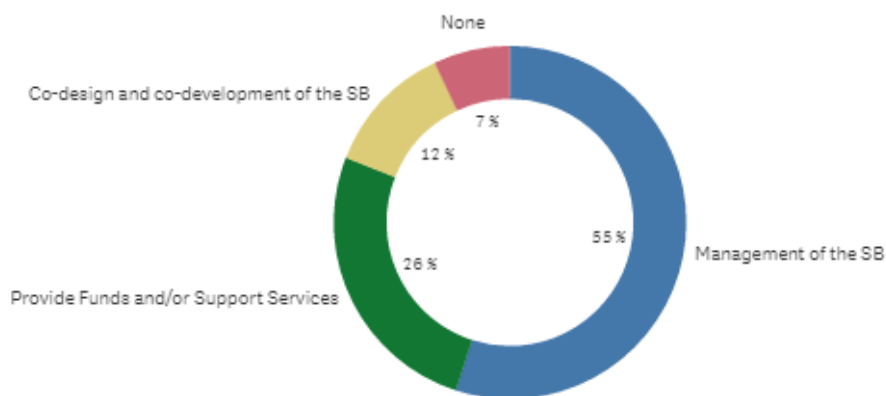


Figure 27 Key Activity Performed by the Partner

**Partner Key Activity** - Key partners can perform different activities. In particular, 55% of partners are dedicated to the management of the social business, 26% of partners provide additional funds and support services, 12% of partners are involved in the design and development of the social business and 7% of companies develop SB without the contribution of partners.

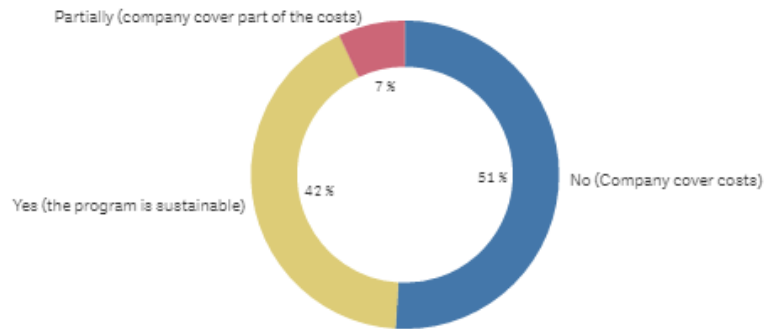


Figure 28 Economic Sustainability

**Economic Sustainability** - If we analyze the economic sustainability of the programs established by companies to develop SB at BOP we observed that 51% are not sustainable, 42% are sustainable and 7% are partially sustainable. Programs not economically sustainable are characterized by the provision of grant and in-kind donations and so the company bears the costs. Programs partially sustainable are characterized by the provision of capital in form of equity or loans but the company covers the administrative or organizational costs related to the management of the program. Programs economically sustainable allow the company to recover the full costs related to the development of the social business.

As a result we can assert that companies can play different roles when develop social business at BOP. In particular, we can identify three general approaches of companies: philanthropic approach, investment approach and integrated approach. It is worth noting that this preliminary findings are coherent with the three main approach found in literature (Husted 2003; Husted et al. 2010; Power and Wilson 2012). Obviously the different approaches imply a different role of companies in the development of the SB.

Companies that promote SB at BOP through philanthropic approaches are not directly involved in the development of the social business and provide monetary or in-kind donations to increase the social impact of MdOs and SEs that currently operate at BOP.

Companies that promote SB at BOP through an investment model provide funds in form of equity or loan and strategic support services. In other words, even if they are not directly involved in the development of the SB such companies provide strategic support services providing critical skills and competences crucial for the development of the social business.

Companies that develop SB at BOP through integrated approaches directly contribute to the development of the SB at BOP through the leverage of organization specific resources. Such companies are highly involved in the design and development of the social business developing products, services or technologies specifically tailored on the needs of BOP.

#### 6.4.2 Results Multiple Correspondence Analysis and Cluster Analysis

**Multiple Correspondence Analysis:** The MCA identified five latent factors. The first factor explains 58% of the variance of the model. It can be interpreted as the level of engagement of the companies in the development of social business. Indeed to high values of factor 1 are associated companies that target final beneficiary needs, offer products or services tailored on the needs of BOP, are involved in the development of the SB and provide funds and organization specific resources such as company products or technologies. Partners, if present, co-develop the social business with the company. On the other hand to low values of factor 1 are associated companies that address the lack of financial resources of MdOs offering funds in form of grant or in-kind donation, perform mainly funding activities, do not leverage any immaterial resources such as competences and skills and run programs that are not financially sustainable. As a result factor 1 clearly discriminates between approaches where companies are highly engaged in the SB at BOP (Integrated approach) and approaches where companies are poorly engaged and provide mainly funds (Philanthropic approach).

The second factor explains 19,76% of the variance of the model. Factor 2 can be interpreted as the type of engagement. Indeed, to higher value of factor 2 are associated companies that target social enterprise, the offer is based on the provision of funds in form of investment (loan or equity) and if necessary they also provide strategic support to the social enterprise. The Factor 2 identifies the type of engagement indeed, it discriminates between companies that adopt investment approaches and companies that adopt other approaches.

The third factor explains 6,60% of the variance of the model. Factor 3 indicates the presence of a multi-stakeholders partnership or not. Indeed, to higher value of factor 3 are associate companies that develop SB through a multi-stakeholder partnership where partners provide additional funds and support services for the development of the SB.

The fourth factor explains 5.95% of the variance of the model. Factor 4 indicates the absence of partners. Indeed, to high value of factor 4 are associated companies that develop SB without contributions by partners.

The fifth factor explains 4.54% of the variance of the model. For factor 5 is difficult to provide meaningful interpretation due to the fact that variable's loads lead to results difficult to interpret.

In figures below are reported the plot of both the variables and the companies (observations) according to the first two factors.

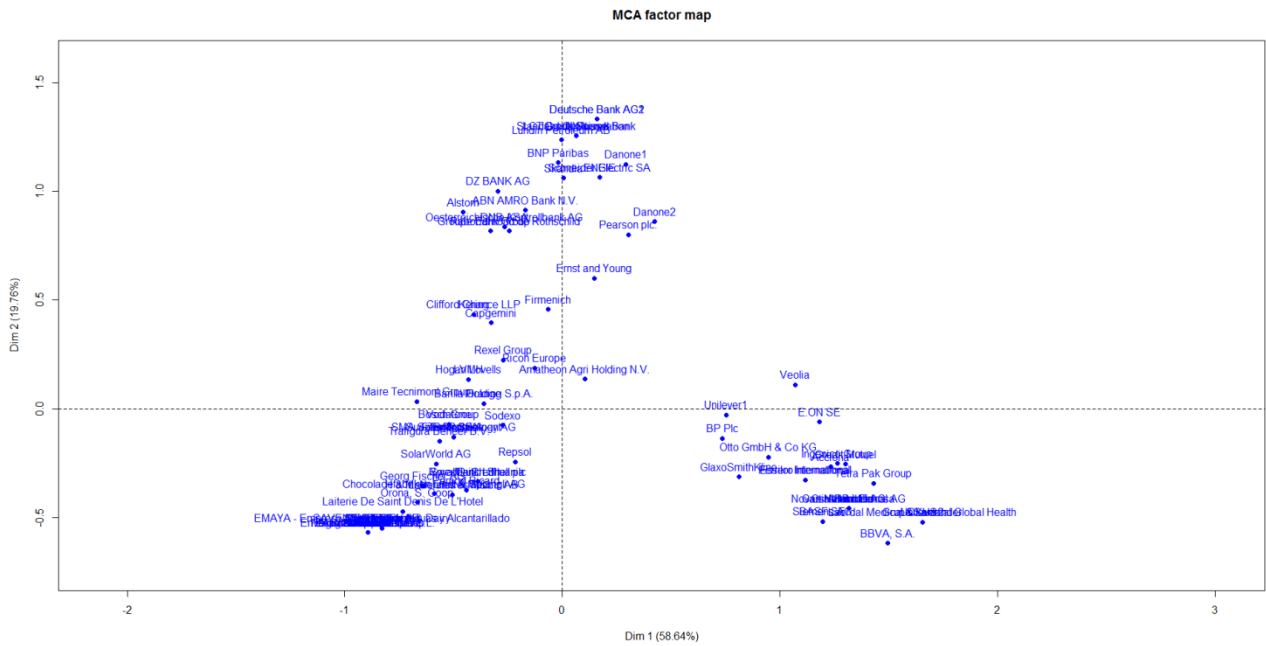


Figure 29 Companies Plot

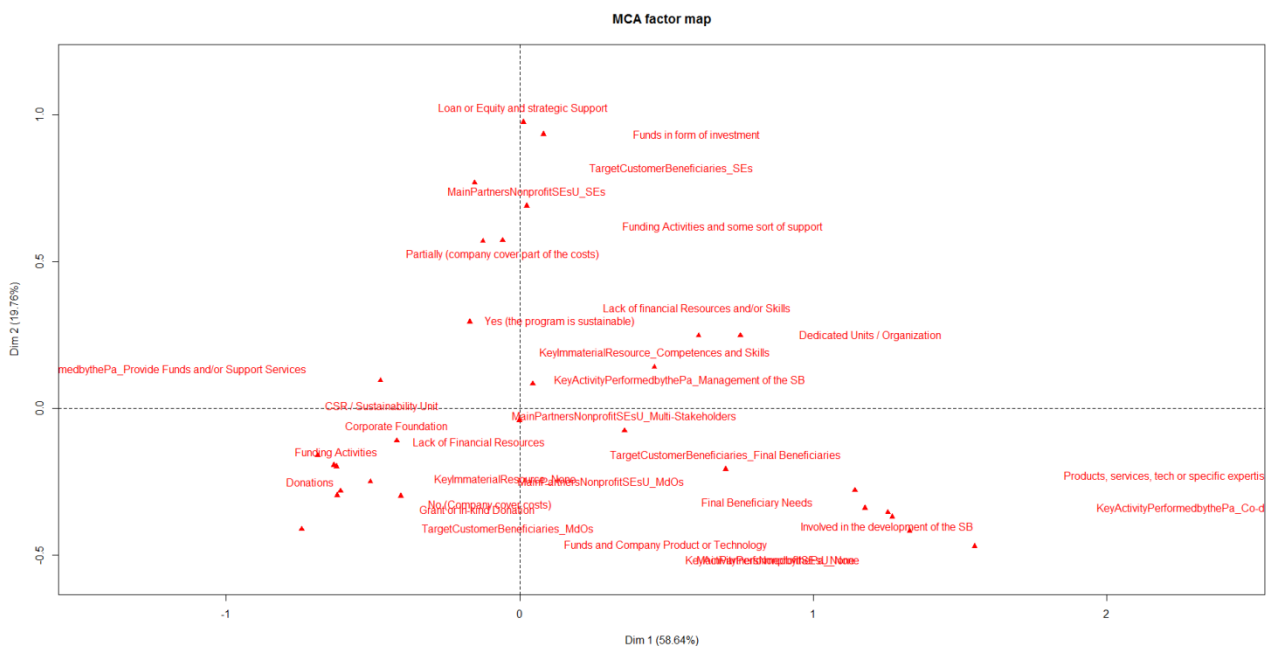


Figure 30 Variables Plot

As a result, the MCA supports the interpretation of results made in the previous section about the three general approaches that companies can adopt to develop SB at BOP. Indeed, from factor interpretation, it is possible to identify the philanthropic approach, the investment approach and the integrated approach. In figure n° 29 (blue) above it is possible to visualize the three approaches. Indeed, companies located in the bottom right adopt integrated approaches, the company in the bottom left adopt philanthropic approach and the companies in the top center adopt an investment approach.

**Cluster Analysis:** The cluster analysis has been performed through a hierarchical joining technique based on the Ward algorithm (see method section). The cluster analysis leads to the identification of seven clusters. In figure below is reported the dendrogram. The seven clusters represent the social business configurations that companies have developed in order to engage in SB at BOP. So have been identified additional configurations compared to the four identified in literature: philanthropic, investment, partnership and internal development (Husted 2003; Husted et al. 2010; Power and Wilson 2012). The seven social business configurations will be interpreted according to the five factors resulting from the MCA and then according to the elements of the social business model: company objectives, value proposition, value constellation, social profit equation and economic profit equation. The seven social business configurations are: Traditional Grant based Funding, Social Venture Competition, Employees Philanthropic Approach, Financial Investment Model, Corporate Investment Model, Partnership and Internal Development.

### 6.4.3 Analysis of SB Configurations according to the latent Factors

The first analysis is performed by discussing how the different factors identified through the MCA (in the previous section) characterized the different clusters.

The analysis of factors leads to the following interpretation. The factor 1 is defined as the level of engagement and discriminates between approaches where the companies are highly engaged in the development of the social business (integrated approaches) and philanthropic approaches where the company is poorly engaged in the development. The factor 2 is defined as the type of engagement because it discriminates the investment approach respect to other possible approaches. The factor 3 identifies the presence of a multi-stakeholders partnership. The factor 4 indicates the absence of partners. The factor 5 is difficult to be interpreted but due to the fact that the variance explained is very low (4.54%) does not represent a serious problem to results interpretation.

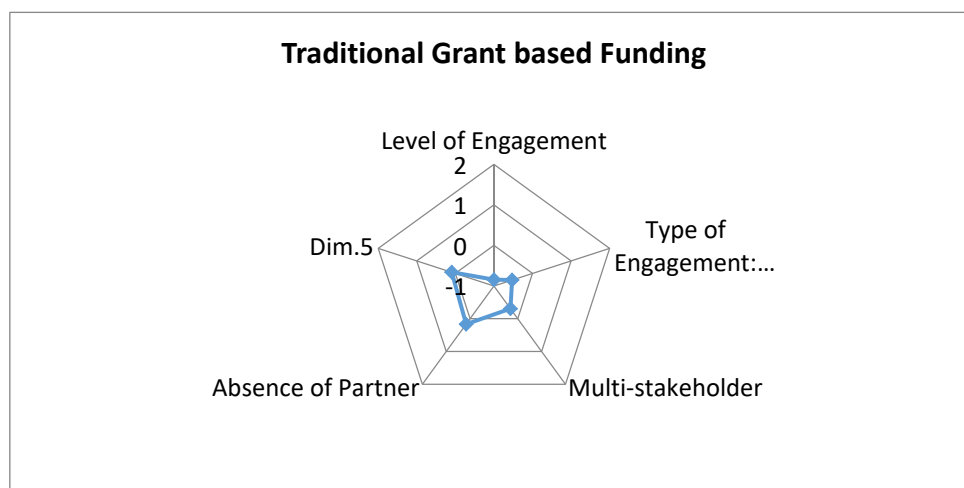


Figure 31 Factors Means - Traditional Grant based Funding

**Traditional Grant Based Funding** - Traditional grant based funding is characterized by low value of factor 1. This means that companies through this configuration are poorly involved in the development of SB at BOP. They provide funds in form of grants or in-kind donations to MdOs that then run the social business independently.

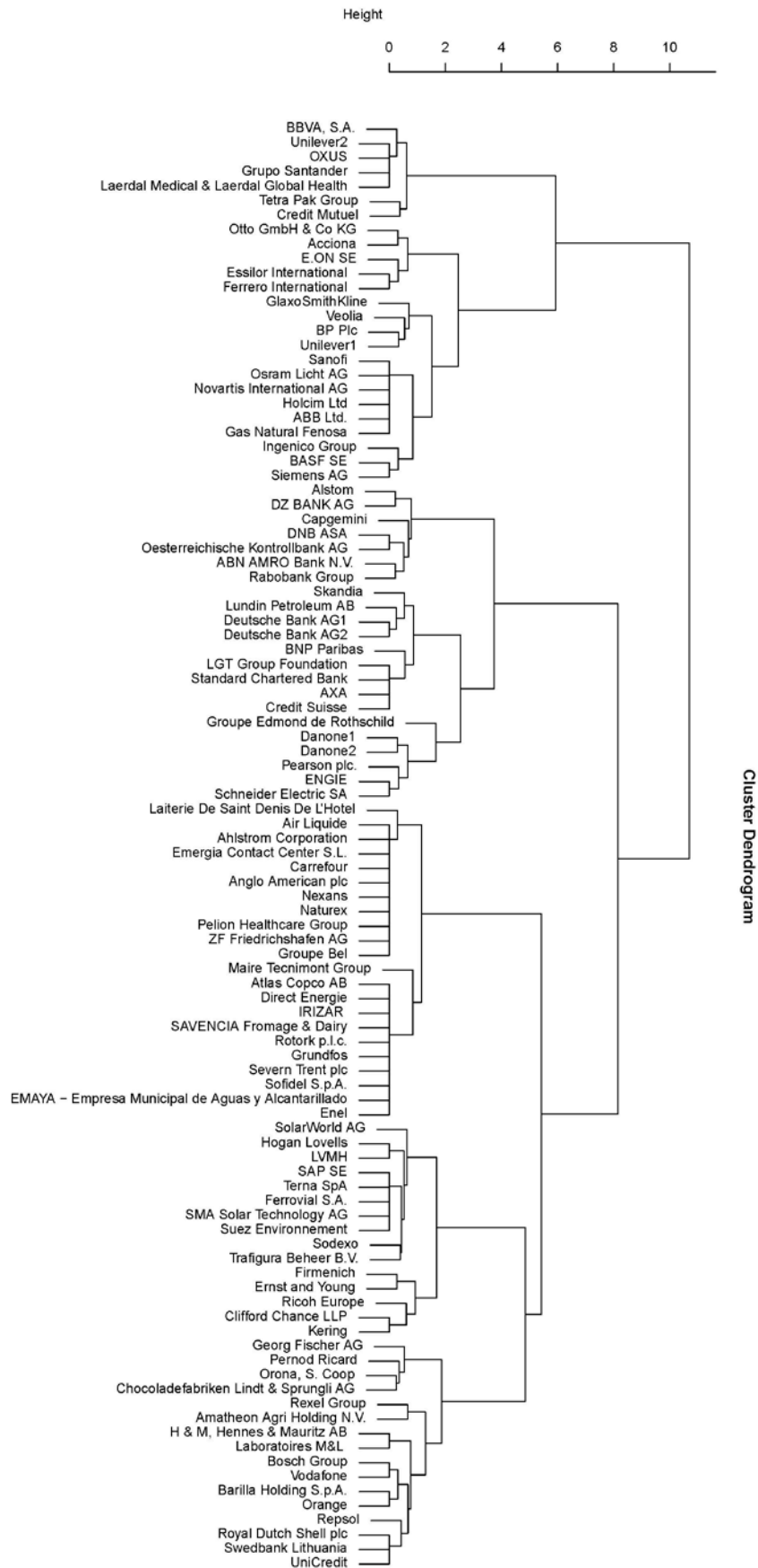


Figure 32 Dendrogram Cluster Analysis

Such configuration present also low values of factor 2, this means that through this configuration companies do not provide funds in form of loan or equity proper of investment approach. The social business is developed through a collaboration with a MdO and no other partners are involved (low level of factor 3 and 4. Traditional grant based funding can be defined as a philanthropic collaboration (Austin and Seitanidi 2012).

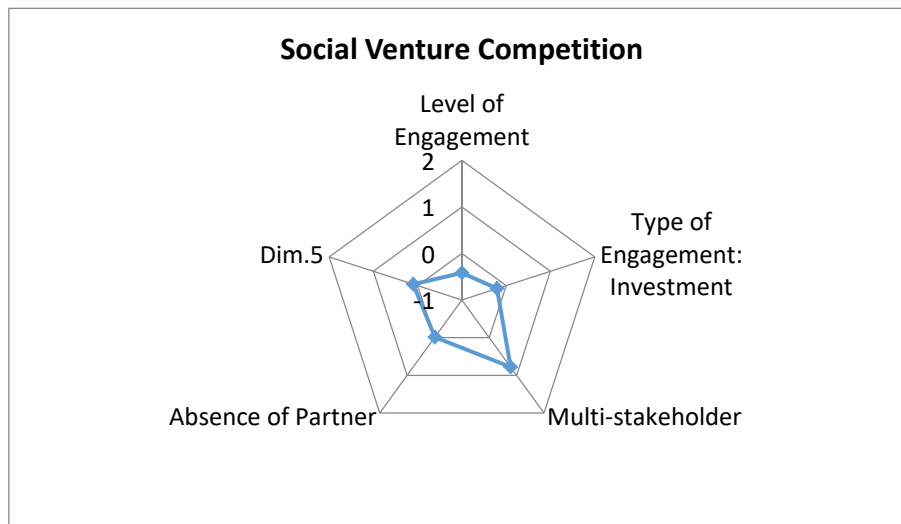


Figure 33 Factors Means – Social Venture Competition

**Social Venture Competition** - The social venture competitions are characterized, as traditional grant based funding, by a low involvement of the companies in the development of the social business (Low Factor1). Companies provide mainly funds in form of grant to MdOs or SEs (Low Factor 2). But, unlike traditional grant based funding, other partners are involved in the system providing support services relevant to the development of the social business.

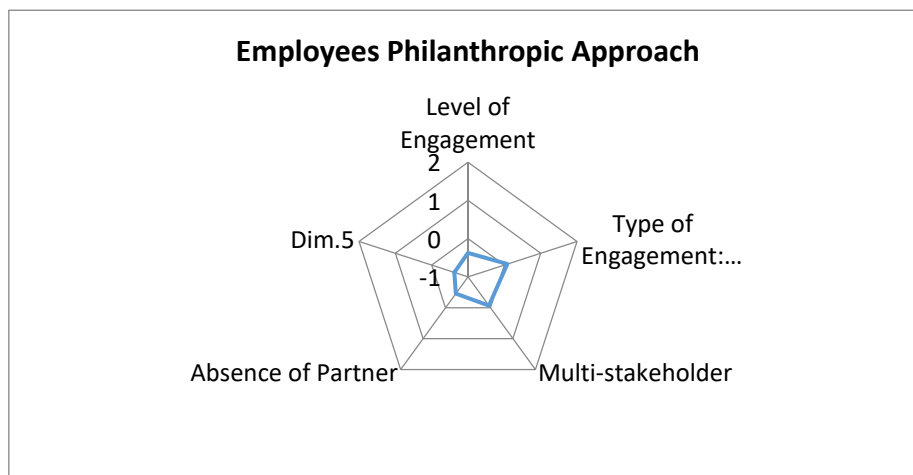


Figure 34 Factors Means - Employees Philanthropic Approach

**Employees Philanthropic Approach** - Employees Philanthropic Approach includes initiatives where companies, in addition to funds in form of donation, provide technical and managerial support through the involvement of employees. Employees are actively involved in specific business challenges providing their own competences and skills as a sort of consultants. This configuration can be classified as transactional collaboration, indeed, through the pro-bono work, there is a bilateral exchange of knowledge between partners in relation to a specific activity (Austin 2012).

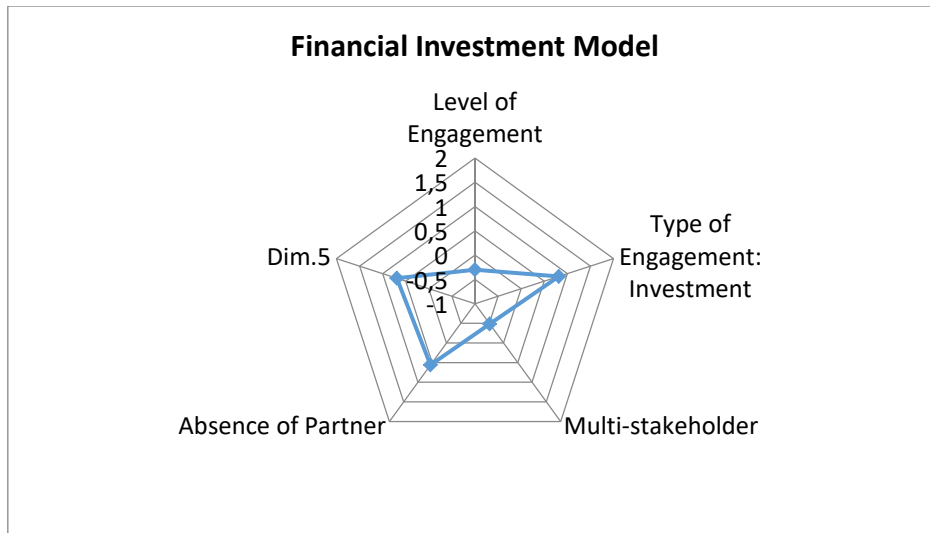


Figure 35 Factors Means - Financial Investment Model

**Financial Investment Model** - In the Financial Investment Model the level of engagement of companies in the development of social business is low (low values of factor 1). But unlike previous configurations companies provide funds in form of loan or equity and the social businesses should repay at least the principal (high value of factor 2). The collaboration is usually established with social enterprises as investees and no other partners are involved. Such configuration goes beyond philanthropic approach and can be seen as a low engagement investment model, where the companies do not provide any additional resource beyond funds.

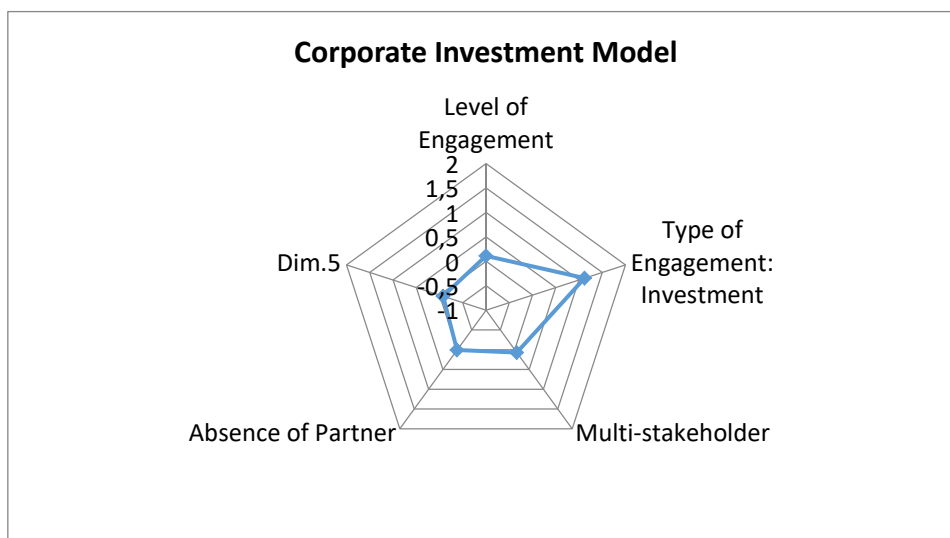


Figure 36 Factors Means - Corporate Investment Model

**Corporate Investment Model** - Unlike the financial investment model where companies provide only funds (loan or equity), in the corporate investment model companies very often provide additional services such as critical resources and competences relevant for the development or expansion of the social business. The level of engagement is higher compared to financial investment models but is still low compared to more integrated approaches (factor 1). In this configuration it is possible that more partners are involved in the development of the social business providing competences in different area of expertise (factor 3).



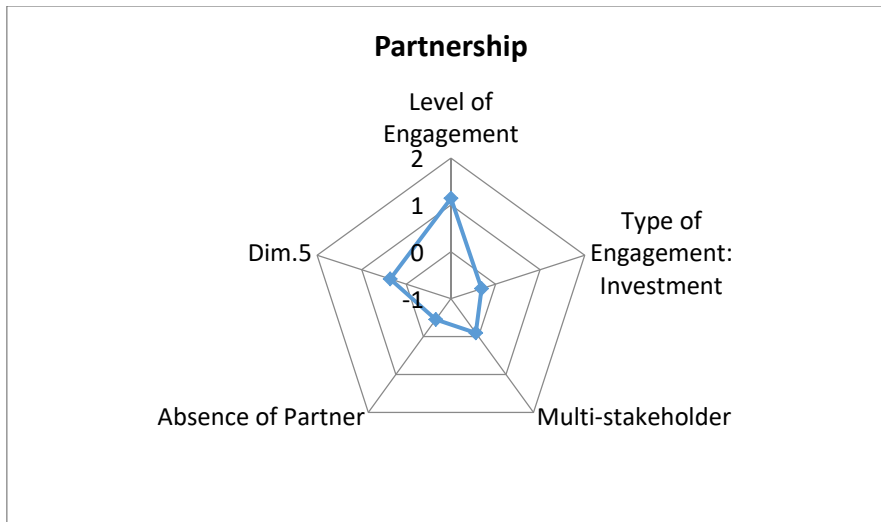


Figure 37 Factors Means - Partnership

**Partnerships** - Through the partnership model companies are highly engaged in the development of the social business (Factor 1). Indeed, they provide products, services or technologies specifically tailored to the needs of BOP markets. The social business is often co-designed and co-developed in collaboration with a SE or Mdo but other partners can be involved in a multi-stakeholder partnership (factor 3). This configurations can be classified as an integrated collaboration, indeed, “the partners’ missions, people, and activities begin to merge into more collective action and organizational integration” (Austin 2000 pp.71).

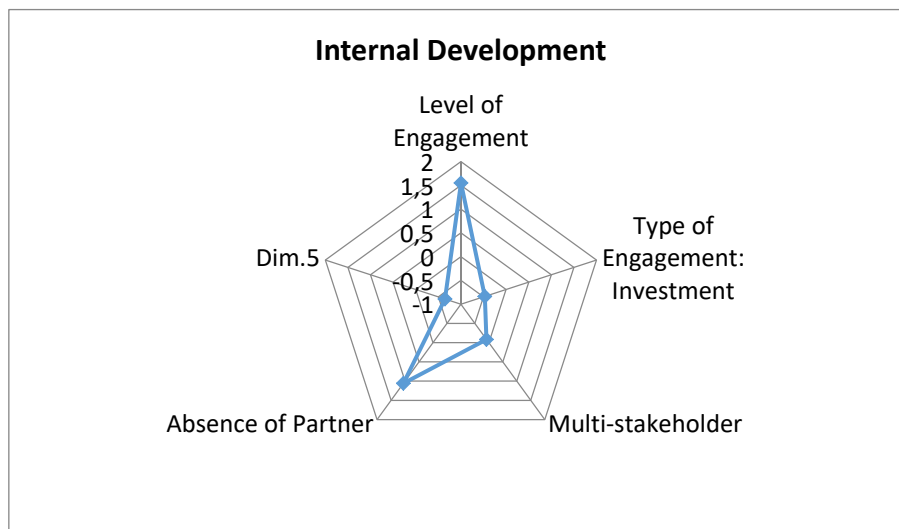


Figure 38 Factors Means - Internal Development

**Internal Development** - Obviously, the internal development model implies the highest level of engagement of the companies in the development of the social business (Factor1). Indeed, companies develop the social business internally without a relevant contribution from external partners (Factor 4). Companies adopt this configuration to develop a stable presence in BOP markets through the creation of new business models tailored on the needs of BOP.

#### 6.4.4 Model Definition: Classification of Social Business Configurations

As a result, seven social business configurations have been identified. Such configurations are: Traditional Grant based Funding, Social Venture Competition, Employees Philanthropic Approach, Financial Investment Model, Corporate Investment Model, Partnership and Internal Development. They represent the full spectrum of social business configurations that companies have developed in order to engage in SB at BOP. In order to provide a classification, an appropriate dimension to classify such configurations is the level of engagement of the firms in the development of the social business (Austin and Seitanidi 2012). The level of engagement refers to the role of companies in the development and the management of the social business. Indeed, from the interpretation of factors resulting from the MCA, we identify the factor 1 as the level of engagement. It discriminates between companies that are highly engaged in the development of the social business and companies that are poorly engaged. Indeed, to high values of factor 1 are associated companies that target final beneficiary needs, offer products or services tailored on the needs of BOP, are involved in the development of the SB and provide funds and organization specific resources such as company products or technologies. On the other hand to low values of factor 1 are associated companies that address the lack of financial resources of MdOs, offer funds in form of grant or in-kind donation, perform mainly funding activities, do not leverage any immaterial resources such as competences and skills and run programs that are not financially sustainable. Between the two extremes are included companies characterized by a medium level of engagement such as those that implement social businesses through investment approaches. However, the classification is based on a continuum as it allows categorizing the different types of social business configurations that companies have developed to engage in SB at BOP.

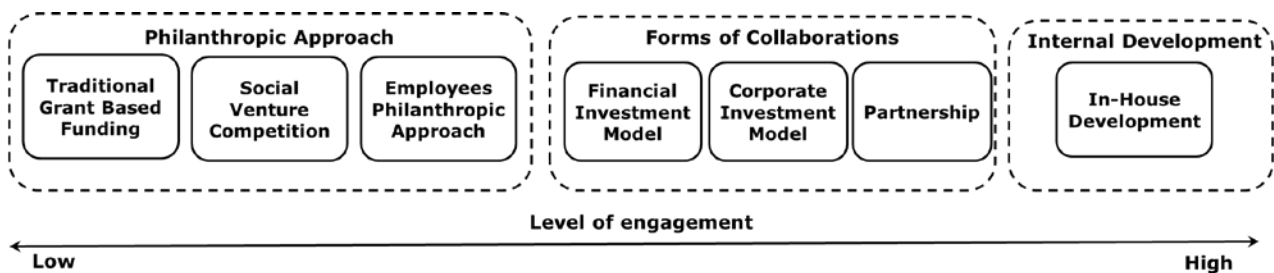


Figure 39 Classification of Social Business Configurations

In this section will be discussed in detail the social business configurations identified according to the social business model framework (Yunus et al. 2010). In particular, for each configuration will be treated the different elements of the business model in a qualitative way according to the information collected on the company website and in the sustainability report and reported in the companies' forms. Indeed, will be discussed also the company objectives and the social profit equation that due the lack of data have been excluded from quantitative analysis.

**Corporate Philanthropy:** In programs of corporate philanthropy the firm “outsources” the social business activity through the provision of generic resources such as monetary or in kind donations to a mission driven organization (Husted 2003; Husted et al. 2010). As a consequence its involvement in the social business is minimal. However, companies develop different programs of corporate philanthropy in order to promote the start-up or expansion of existing social business; in particular we have identified three main configurations.

### **Traditional Grant-based Funding:**

**Company Objectives:** The development of such programs is mainly related to moral motivations, in other words the idea of “giving something back to society” and being a good corporate citizen. Increase the reputation, the image and the relationship with stakeholders seem to be a powerful drivers for the development of such programs. As Severn Trent plc states: “*we are dependent upon our relationships with local people, and the wider community as a whole. If our actions result in poor relationships, this can damage and even destroy our reputation. Good relationships will win us goodwill*” (Seven Trent 2015). Finally, it is worth noting, that some companies declare that such programs allow improving employees’ motivation and retention. An example of company promoting employees involvement is Atlas Copco AB: “*The program Water for All is funded by voluntary donations by the employees, usually in the form of monthly deductions from their salaries. These donations are then doubled by the company []. Water for All is very close to the hearts of our employees*”(Atlas Copco 2016, pp.2).

**Value Proposition:** the main need that companies satisfy through these programs is the lack of financial resources of NGOs, Social Enterprise or other NPOs that run a social business at BoP. Indeed, companies, through this configuration, provide mainly funds in form of grant to MdOs. In addition to financial resources they can provide in-kind donations in terms of equipment, technology or materials. An example of this approach is clearly explained by Nexans “*Nexans Foundation aims to bring electricity to disadvantaged communities around the world, working preferably with local charities on sustainable solutions. The Foundation supports [with funds and in-kind donations such as electrical cables] both established NGOs in the field of access to energy – for large-scale projects - and smaller ones, such as student organizations*” (Nexan Foundation 2014, pp.3).

**Value Constellation:** Companies, or more often the companies’ foundations, are mainly involved in funding activities necessary to the provision of valuable financial and in-kind resources to the partners. The key activities performed by companies are related to the funding process, the outcome evaluation and only in few cases to the organization of fundraising and sensitization events. It is worth noting, that such activities are sometimes performed by employees. In these cases employees are involved as a sponsor of the project to manage back-office activities and the relationship with the partner but are not directly involved in the development of the SB. The partner manages and runs the social business independently, as stated by Atlas Copco AB “*Water for All funds projects but the work done in the field is carried out by partner organizations which have to be well-reputed, non-profit and non-political*” (Atlas Copco 2016, pp.2).

**Social Profit Equation:** Companies, through the funding of social businesses run by mission driven organizations (MdOs), contribute to create a wide range of economic and social benefits at BOP. In terms of social value creation the main benefits created through this configuration are:

better access to basic services (energy, wash and healthcare), promote local entrepreneurship and promote financial inclusion of poor.

**Economic Profit Equation:** The funding scheme is based on the provision of grants. The economic sustainability of recipients is ensured by definition being a social business but the corporate programs do not generate revenues and as a consequence all the costs are covered by the company.

### **Social Venture Competition:**

**Company Objectives:** In addition to moral motivations, increase the legitimacy and increase relationships with stakeholders, companies that launch a social venture competition for the development of social business initiatives can aim to achieve also other objectives. Orange launched repeated social venture competitions to fund start-ups that develop new products or services based on ICT solutions. It declares that "[Orange African Social Venture Prize contributes] to the local development of ICT markets and innovation ecosystems in Africa"(Orange 2015). Other interesting cases are two companies that use this type of competition to foster the development of innovative products and services in the field of energy efficiency and ICT technologies. The aim is to improve both the sustainability of the current energy model and satisfy unmet needs at BOP through innovative applications of ICT technologies.

**Value Proposition:** Usually these programs are used to support social start-ups or existing social businesses in their path to the market. The winners of the competition receive a grant (financial resources) in order to further develop the social business. In addition to grants, are offered different type of support services such as coaching programs, incubation services, trainings on specific topics, networking opportunity toward potential investors and so on. In other words the winners of the competitions have access to different resources critical for the development and success of their SB, such as skills and expertise in the fields of strategy, finance, sales, marketing or legal, but also access to facilities such as offices, conference rooms, and so on. Often such programs are structured in sequential phases. A first phase were social ventures receive a seed capital and a second phase where they can apply for a growth capital obviously also the complementary service offered vary according to the companies' stage.

**Value Constellation:** Usually the number of partners involved in these programs increase compared to traditional grant-based funding. Indeed, in addition to the company that usually provide funds and rarely also the skills and expertise useful to support social entrepreneurs, are often involved local incubators or similar structures and local and international experts. Incubators or accelerators provide support services to the start-ups through incubation periods or coaching programs. Local or international experts are usually involved in the evaluation phase and can complement incubators in the provision of specific skills and expertise.

**Social Profit Equation:** Companies through the launch of this type of competitions can create social value in different forms. Some programs have the wide target of promote local entrepreneurship (of disadvantage groups such as women or youth) or social enterprise without any specific focus in terms of sectors or fields of application in order to foster local socio-economic development. As Unicredit states: "*the Unicredit foundation leverages the social enterprise model in its relationships with different non-profit players. The social objective may be sought through [ ] the production of goods and services of any type intended to create job opportunities for vulnerable individuals*"(Unicredit 2015). Other programs are focused on specific characteristic of the business

model for instance the Orange Social Venture Prize rewards only “*entrepreneurs developing products or services that use ICT in an innovative way to meet the needs of people in Africa or the Middle East in fields such as health, agriculture, education, energy, industry or trade*” (Orange 2015), while others are focused on a specific sector such as food or energy and support start-ups operating only in those sectors.

**Economic Profit Equation:** As in the previous configurations the funding scheme is mainly based on the provision of grants. The social venture competition does not generate revenues and as a consequence all the costs are covered by the company.

### **Employees Philanthropic Approach:**

**Company Objectives:** In addition to moral motivations, legitimacy and reputational benefits, companies through the development of employees volunteering programs want to increase the employees’ motivation and retention. These programs allow employees to work with social entrepreneurs in order to solve a pressing business challenge and in turn they benefit from a personalized career development opportunity. As a result employees get additional tools to expand their skillsets. SAP clearly states: “*Our top priority is fostering a culture that attracts, retains, and develops talented people.[] In 2014, we expanded the SAP Social Sabbatical, one of our most successful and strategic programs, designed to cultivate existing talent and create social impact*” (SAP 2014).

**Value Proposition:** In addition to financial resources companies provide the pro-bono work of employees to social entrepreneurs operating in developing countries. Some companies support only social entrepreneurs that tackle a defined set of social needs such as emancipation of women, access to education or the environment while other do not define a prior field of intervention. The pro-bono work consists in the provision of highly-motivated performing employees for a period of time ranging from one month to nine months. They support the social entrepreneurs providing expertise in the fields of finance, strategy, ICTs, sales or marketing, so that social entrepreneurs have access to a professional network and specific high-level expertise. Ernst and Young states: “*Social entrepreneurs are leading a quiet revolution, building sustainable businesses that are changing lives for the 4.5 billion people living at the base of the pyramid. EGS exists to support these extraordinary legacy builders and help them scale their reach and impact. In the process, our top-performing people gain a unique experience of working with a very different kind of client*” (Ernst and Young 2015). But additional services can be provided along pro-bono work, SAP complements the pro-bono work with the in-kind donation of a software for managing the entire business across financials, sales, customer relationships, purchasing, inventory, analytics, and operations. It is worth noting, that some companies, included in this cluster, do not offer a real pro-bono work but in addition to financial resources provide complementary services to support the recipient in the design and installation of the technical solution. For instance SolarWorld AG that promotes access to energy at BOP “*provides a sponsorship package (solar off grid solution) for the project and helps to size the solar power system and select the appropriate energy-saving consumer devices*”(SolarWorld AG 2015).

**Value Constellation:** Companies provide a wide range of high-level expertise and skills to support the social entrepreneurs. The key activity performed by companies is the management of pro-bono work while the activities performed by employees may range from technical support to legal

consulting. The partners are usually social entrepreneurs that run and manage the social business independently.

**Social Profit Equation:** Companies, through the provision of pro-bono work, indirectly contribute to create social or environmental value by supporting existing SB at BOP. While some company focuses on specific social issues such as the emancipation of women, the access to energy or the access to education, others do not focus on any specific field and support social enterprises coming from all sectors.

**Economic Profit Equation:** The expense related to the management of the program is covered by the company. Pro-bono work is made in form of in-kind donations and the program does not generate revenues for the company. Only Ernst and Young develop a sustainable program that instead of providing a pure pro-bono work operates “*at heavily subsidized rates, EGS extends the benefit of our services to people and places we don’t normally reach*” (Ernst and Young 2015).

### **Investment Model:**

The investment model differs from traditional corporate philanthropy because the funds provided should be repaid to investors, at least in terms of principal (Power and Wilson 2012). Furthermore, it often implies a higher involvement of the company in the management providing strategic support and critical skills needed for the development of the social business.

### **Financial Investment Model:**

**Company Objectives:** Unlike the corporate philanthropy, where companies are very heterogeneous in terms of sector provenance, companies implementing financial investment model belong mostly to financial sector. Such companies are mainly involved in the promotion of microfinance institutions as a way to implement social business. The objectives of these companies are related to image, reputation and legitimacy benefits, employees’ motivation and retention and moral or ethical motivations. As Oesterreichische Kontrollbank AG asserts: “*it is beyond all questions that sustainable activities reduce operational risks, participation is the reason for employees to operate on a more self-dependent basis in daily business and the recruiting of well trained and full-fledged human resources becomes much easier if the company's ethical value is credibly documented*” (Oesterreichische Kontrollbank AG 2015).

**Value Proposition:** Companies provide funds to microfinance institutions (MFIs) operating at BoP in order to improve their long term stability and their capacity of serving low income customer with high quality financial services. Most of funds are provided in form of debt to refinance MFIs. Only ABN AMRO Bank N.V. has also developed advanced tools such as impact finance solutions to directly invest in social enterprises. It is worth noting that Capgemini has developed a web-based platform to promote the provision of micro-loans directly by employees.

**Value Constellation:** The key activities performed by companies are mainly related to funding processes from the selection to the repayment, as one company states “*ABN AMRO carries out an extensive analysis of the enterprise itself and the market in which it operates, examines its aim and determines whether its objectives are socially and financially feasible*” (ABN AMRO Bank N.V. 2015). The key partners are mainly MFIs or SEs that manage and run the social business independently.

**Social Profit Equation:** The main social benefit created by companies through this configuration is the promotion of the financial inclusion of poor through the strengthening of local microfinance institutions (MFIs).

**Economic Profit Equation:** In the financial investment model funds provided by companies in form of loans or equity should be repaid by the investees. But in terms of economic sustainability we can discriminate two main approaches of companies. One approach is more social oriented and is partially sustainable, indeed as DZ BANK clearly states: *“The DZ BANK microfinance fund is managed on a voluntary basis: We use the total fund volume for its designated purpose without applying any administrative charges”* (DZ BANK AG 2015 pp.46). On the other hand the second approach is more commercial oriented and fully sustainable, indeed DNB ASA operates a microfinance fund on a commercial basis with the aim of to generate attractive returns and sustainable effects.

### **Corporate Investment Model:**

**Company Objectives:** the objectives of these companies, in addition to image and reputations returns, employees' motivation and retention and moral or ethical motivations are related to different aspects. First, by working with partner organizations, companies can gain a better insight into the needs of the people living in low income communities as a sort of learning investment. A representative example is provided by Pearson that launches the Pearson Affordable Learning Fund to make equity investment in low-cost high-quality private schools. Indeed, they state that through this initiative *“we have learned a great deal about the challenges facing affordable private school chains and some of the successful strategies employed to overcome them”* (Pearson plc. 2015). Second, we observed that companies through this configuration want to foster the development of innovations such as new products, services or business models and contribute to create new markets at BOP. As ENGIE states: *“As part of its industrial activities, ENGIE wishes to promote sustainable energy for all and combat energy privation. Based on experiments conducted over several years, the Group has developed innovative models to support projects aimed at providing energy to vulnerable populations”* (ENGIE 2015).

**Value Proposition:** the main need that companies satisfy through these programs is the lack of financial resources and skills of MFIs and SEs. Such companies, unlike financial investment model, do not provide generic funds in form of equity or loan but have developed tailored financial products such as new credit lines and mixed financing strategies to meet the needs of SEs and local MFIs operating at BOP. Deutsche Bank involved in microfinance activities *“offers a broad spectrum of investments that range from philanthropic to market rate returns. Each of the investment opportunities in MF includes an important social return, generated by providing low-income populations with access to financial services”* (Deutsche Bank AG 2015). Moreover, in addition to funds such companies provide a wide variety of support services such as strategic support, technical assistance, training and impact monitoring and measurement. It is worth noting that such services are often provided by the company employees and local staffs. MFIs are mainly served by companies operating in financial markets while SEs are targeted also by companies operating in other sectors.

**Value Constellation:** The key activities performed by companies are mainly related to the funding process and the provision of support services, as LGT Group Foundation states the main activities performed are: *“screening and selection of the supported organizations, tailored and purpose-driven financing, ongoing monitoring and support of the organization, regular measurement of performance. [In addition] Our local teams act as mentors to our organizations and spend around half a day per week with each organization for the purpose of supporting them in their growth phase”* (LGT Group Foundation 2016). It is worth noting that companies in order to provide strategic support services to MFIs and SEs leverage its unique competences and assets.

**Social Profit Equation:** The social benefits created by companies through this configuration are many. Companies that target MFIs have the aim of promoting the financial inclusion of poor through the strengthening of local microfinance institutions (MFIs). Companies operating in the financial sector that fund SEs, through impact finance models, have the aim of support and expand existing SEs without a specific focus in terms of the type of social impact generated. On the other hand companies that, have developed innovative impact finance models but, operate in other sectors focus mainly on SEs that create benefits aligned with the company business. In other words Danone finances SEs that promote access to food or strengthen the food value chain, Pearson SEs that promote access to low-cost high-quality education or ENGIE that finances SEs that promote access to energy.

**Economic Profit Equation:** In the corporate investment model, funds provided by companies in form of loans or equity should be repaid by the investees and generate fair financial returns. Indeed, in terms of economic sustainability, the programs included in such configuration are financially sustainable independently by the fact that the target are SEs or MFIs. As Deutsche Bank states: *“Deutsche Bank is not active in the microfinance sector as a commercial activity to realize financial gains for the bank. However, Deutsche Bank recognizes that the success of microfinance depends upon its ability to utilize business discipline and financial techniques to achieve the goal of scale and sustainability in serving the financial needs of the un-banked poor”* (Deutsche Bank AG 2015). LGT Group Foundation declares: *“Generally we do not use grants to fund organizations whose business models allow for generating income, but prefer loans or equity investments. We do this because we want to strengthen local markets and not distort them through donations”* (LGT Group Foundation 2016).

## **Partnership:**

**Company Objectives:** In addition to moral motivation, reputational and legitimacy benefits and employees motivation and retention the main objectives of companies that develop social business at BOP, through a partnership approach, are related to develop innovations and create new markets. One distinguishing characteristics of such companies is the explicit aim to integrate the new solutions developed within the existing business model of the company. As ABB clearly states: *“We aim at improving our ability to respond to the needs of developing regions and to explore new ways to make use of our technical and commercial expertise to contribute to real economic and social development. ABB will strive to grow its long-term business engagement in these parts of the world to the benefit of all parties. ABB expects that Access to Electricity will strengthen its ability to meet the needs of these markets and that this may become a substantial part of ABB’s regular business”*(ABB 2015). Holcim confirms: *“For many years now Holcim has been developing*



*housing solutions for low-income, or base of the pyramid, people who cannot afford adequate housing. Although these projects currently do not provide a significant financial return, Holcim recognizes that addressing the significant need for low-income housing has the potential to trigger large-scale societal change while providing tangible business benefits (Holcim Ltd 2015).*

**Value Proposition:** Despite the value proposition of such companies are quite vary, they have some common points. First, all these social businesses have the aim of satisfy the needs of final beneficiaries living at BOP through the development of innovative solutions. Companies, through the establishment of partnerships, develop new products and services specifically tailored to the needs of BOP. Very often in order to operate at BOP companies develop totally new business model based on participatory approach and rich of complementary services relevant to ensure the accessibility and the affordability of products and services. A representative “tailored” value proposition was developed by Holcim through the creation of a multi-stakeholders partnership “*we launched a low-income housing pilot project in Argentina called “Shelter for Livelihood” (S4L), which aims to provide innovative and sustainable solutions to the lowest income segments of population by integrating technical, financial, capacity building and Low-income housing community development components*” (Holcim Ltd 2015). Indeed, through partnerships companies aim to develop inclusive value proposition that generate multidimensional benefits for the BOP.

**Value Constellation:** Companies that develop social businesses through a partnership model are highly involved in the development of the social business. Indeed, the main activity performed by the company is the co-design and co-development of the social business. In particular, activities of companies may range from the development of new products and services to the development of new business models. However, they are highly engaged in the development and leverage their unique competences and resources in order to create a distinctive value proposition. Minor activities may refer to the recruiting of local staff, capacity building and community management. Partners involved in such programs may be local or international NGOs, SEs, governmental organizations and public institutions. They actively collaborate with the company to perform complementary activities crucial for the development of the social business. Partners are usually well rooted in the local context and possess valuable resources and competencies in dealing with the poor. As Siemens states: “*The project was initiated in April 2012, providing community development initiatives with innovative Siemens technologies such as water solutions, drives technology, distribution systems, and renewable energy solutions. The project was executed with the active participation of the community right from the start and supported by Siemens volunteers*” (Siemens AG 2015). ABB involved in electrification project states: “*Within its scope of competence, ABB will work together with other companies. ABB is prepared to take on non-traditional partnerships and work more closely with UN agencies, governmental and nongovernmental organizations and other civil actors. The aim is to create synergies such that the installation of complementary infrastructure services can be efficiently coordinated to enhance the end result and assure the sustainable development of a particular region*” (ABB 2015).

**Social Profit Equation:** The main benefits associated to social businesses developed through partnership are mainly related to the promotion of access to basic services such as housing, energy and WASH and healthcare and medicine. Despite the dimension of such initiatives can vary, are usually large scale projects with the involvement of hundreds if not thousands of beneficiaries. As

stated by Essilor International *“Beyond the provision of vision care, Eye Mitra enables young people to gain skills and qualifications to earn a livelihood locally. By the end of 2015, there were over 1,000 working Eye Mitra across 10 states who have provided vision care to 150,000 people in their local communities”*(Essilor International 2015).

**Economic Profit Equation:** The social businesses developed through a partnership approach have the potential to be economically sustainable. However, it is worth noting that many companies declared that such business models have the capacity to generate economic returns over a long term horizon and social business recently launched are not still sustainable. A common characteristic of such initiatives is the opportunity of companies to integrate the new products and business models in the core business in order to operate stably at BOP. As OSRAM states: *“The concept of OSRAM Off-Grid Lighting provides exciting and challenging business opportunities for OSRAM, its partners and local inhabitants. Indeed, the model generates income and creates jobs, and provides the basis for new business models such as distributing charged luminaires and purified water to villages further away”* (Osram Licht AG 2015a, 2015b). Gas Natural Fenosa declares that *“The Cuartel V project has been a pioneer in many senses. In collaboration with the social housing foundation Pro-Vivienda Social, it established a new business model, which included the support of neighbourhood associations and introduced a new financing mechanism. With a more proactive approach, the extension of the gas network to poorer neighbourhoods means a change in the company's traditional business model”* (Gas Natural Fenosa 2015).

### **Internal development:**

**Companies Objectives:** In addition, to moral motivation, reputational and legitimacy benefits and employees motivation and retention the main objectives of companies that develop social business at BOP, through an in-house development model, are, as for partnerships, related to the development of innovations and the creation of new market opportunities. Unlike partnership, companies that develop social business internally have a stable presence in BOP markets. However, it is worth noting that only few companies have adopted such approach. In particular, companies operating in financial markets enter the BOP through the acquisition or creation of local MFIs. Companies operating in other sectors have developed new products, services or business models with the aim of expanding their market opportunities at BOP. An interesting example of social business developed internally, was implemented by BBVA, S.A. that created in 2007 a microfinance foundation as not for profit independent entity. It *“BBVAMF operates as a financial holding that actively manages the microfinance institutions (MFIs) in which it has majority stakes with the aim of addressing the financial needs of low-income micro-entrepreneurs in Latin America through Responsible Productive Finance, a methodology designed in-house”* (BBVA 2015 pp.6). On the other hand Tetrapack producer of food packaging has developed an innovative social business model to strengthening the dairy supply chain at BOP. Through the strengthening of local milk producers and processors the company created the opportunities to sell packaging solutions in a context where a small portion of milk is traditionally collected, processed and packaged.

**Value Proposition:** The value proposition of such companies is targeted to satisfy the needs of people living at BOP through the development of products, services and technologies specifically

tailored on BOP needs. A representing example of an innovative value proposition suitable for BOP markets was developed by Laerdal Medical & Laerdal Global Health. Its aim is to *“Helping train and equip more than one million birth attendants introducing 12 - 15 disruptive innovative solutions that are durable, simple, culturally adaptable, and affordable”* (Laerdal Global Health 2015). Another interesting example is provided by Unilever operating in water purification business. *Water scarcity is a risk and opportunity to our future business success. We continue to invest in developing products [] exploring options beyond our traditional business model by investing in solutions for communities* (Unilever 2015a).

**Value Constellation:** Through the in-house development model companies perform the whole spectrum of activities needed to design, launch and run a new business in the BOP context. They may range from R&D activities to marketing and human resources management. It is worth noting that these companies have created a dedicated business units specialized in the developing of new products and services for BoP markets.

**Social Profit Equation:** The benefits created are mainly related to financial inclusion, better access to food and water and healthcare services. The dimension in terms of social impact created is usually large scale. BBVA S.A through its microfinance program: *“has built up a current portfolio of more than 1.8 million clients. It has more than 7,900 employees and more than 500 branch offices in Latin America and the Caribbean”* (BBVA 2015). Laerdal Medical & Laerdal Global Health declares that *“the program had, in only five years, been introduced in more than 80 countries. More than 400,000 birth attendants have been trained and equipped. [The company] has supplied more than 100,000 new-born simulators and more than 200,000 resuscitators* (Laerdal Global Health 2015).

**Economic Profit Equation:** The social businesses developed through internal development model are economically sustainable. However, two approaches can be identified. On one hand companies have created an independent organization, usually not for profit, to manage the initiatives and pursue the social aim by reinvesting the profits generated in the expansion of the initiative. On the other hand some companies pursue the double aim of creating relevant social impact while generating attractive financial returns for investors. One example of the first approach is clearly states by BBVA S.A *“the foundation invests its budget on the creation and consolidation of microfinance institutions in Latin America. Any profits made by them are reinvested in the Foundation’s own activity”* (BBVA 2015). On the other hand an example of the second approach is provided by OXUS: *“The OXUS Group seeks to provide its clients in developing countries with adapted, competitive financial services while offering its investors attractive financial returns”* (OXUS GROUP 2016).

#### 6.4.5 Post Cluster Analysis

In this section will be presented the results related to post cluster analysis. In particular will be presented the companies’ distribution for the seven cluster identified. Subsequently in order to outline if companies belonging to the different clusters present some distinguishing characteristics a post-cluster analysis has been performed. It is worth noting that due to the limited number of

observations the post cluster analysis has been performed according to the three macro configurations of Philanthropic Approach, Forms of Collaboration and Internal Development (see figure 36 in the previous section).

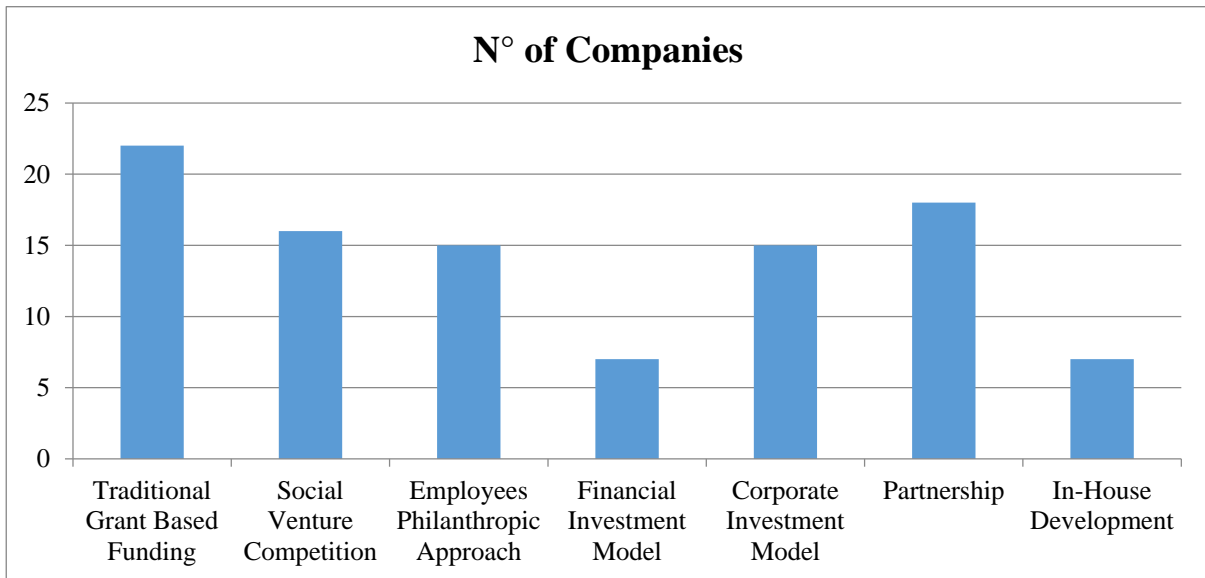


Figure 40 Company Distribution by Cluster

In figure above is reported the distribution of companies by clusters. We can observed that companies distribution is quite heterogeneous, indeed, the larger cluster is the Traditional Grant Based Funding with 22 observations followed by the Partnership with 18 observations, the Social Venture Competition includes 16 observations, the Employees Philanthropic Approach 15 observations and the Corporate Investment Model 15 observations. Finally, Financial Investment models and In-House Development are the smaller ones with 7 observations each one. Analysing the distribution of companies by the three macro configurations of Philanthropic Approach, Forms of Collaborations and Internal Development we can observed that more than half of the companies develop SB through the Philanthropic Approach (53) that include Traditional Grant Based Funding, Social Venture Competition and Employees Philanthropic Approach. A fair number of companies (40) develop SB through forms of collaboration that include investment models and partnership and few companies develop SB internally (7).

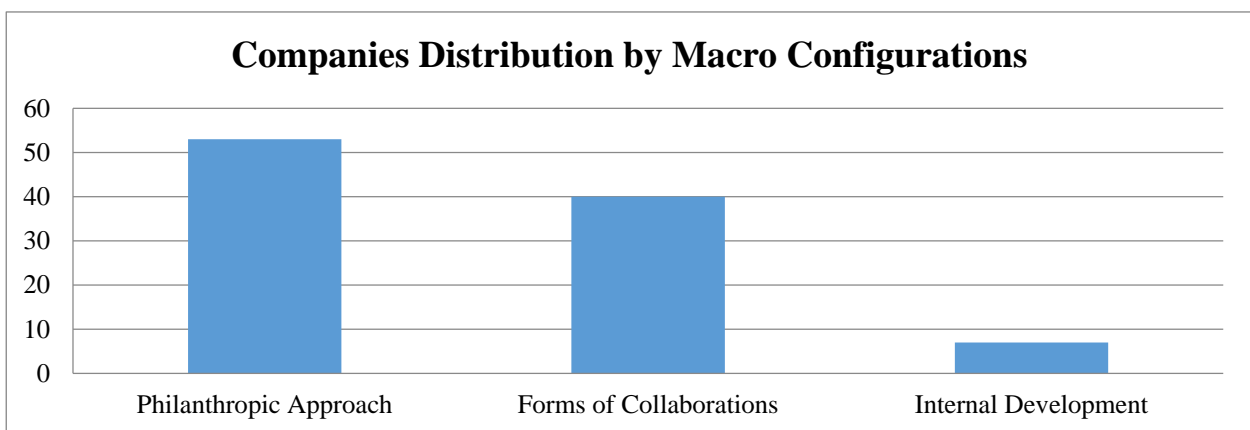


Figure 41 Companies' Distribution by Macro Configurations

In order to understand if companies belonging to the different clusters present some distinguishing characteristics a post-cluster analysis has been performed. In particular has been analysed if the companies included in the three macro configurations present significant difference in terms of companies' size, age of membership, sector provenance, country of origin, ownership type and global compact differentiation level. In particular, to test significant differences among clusters in terms of companies' size and age of membership (continuous variables) a Kruskal-Wallis test has been performed (Hollander et al. 2014). Indeed, the Kruskal-Wallis is a non-parametric test used for comparing two or more independent samples of different sample sizes in order to test if the medians are equal or not. It is suitable to test samples where it is not possible to assume a normal distribution. Results show that companies developing SB through Forms of Collaborations and Internal Development are larger than companies adopting a Philanthropic Approach. Kruskal-Wallis chi-squared = 11.815, df = 2, p-value = 0.002719 (test size). Then in order to understand which cluster is different from others a Dunn's Test has been performed to pinpoint which specific medians are significant from the others (Hollander et al. 2014). Results show that companies included in Forms of Collaborations and Internal development are significantly larger than companies included in the Philanthropic Approach. Instead, not significant differences have been pointed out between such cluster (forms of collaboration and internal development). Similar results have been achieved for age of membership. Indeed, the Kruskal-Wallis test point out a significant difference between Forms of Collaborations and Internal development and Philanthropic Approach. Kruskal-Wallis chi-squared = 14.233, df = 2, p-value = 0.0008117 (test age of membership). In particular, the Dunn's Test shows that companies that develop SB at BOP through forms of collaborations and internal development are older members of the UNGC compared to companies adopting a Philanthropic Approach. Instead, not significant differences have been pointed out between forms of collaboration and internal development.

On the other hand to test differences among clusters according to the other companies characteristics (sector provenance, country of origin, ownership type and global compact differentiation level) a Pearson's Chi-squared test has been performed. Indeed, it is a suitable method to test a set of categorical variables (Hollander et al. 2014). However, results show no significant differences among cluster for each of the variables analysed. In other words the three macro cluster are not statistically different in terms of sector, country, ownership type and global compact differentiation level. The annex 3 reports descriptive statistics of companies characteristics (size, age of membership, sector provenance, country of origin, ownership type and global compact differentiation level) for each of the seven clusters identified.

## **7. Discussion**

The main goals of this study are: analyze the diffusion of the phenomenon, analyze whether a number of firm's characteristics are potential determinants of SB engagement at BOP and identify and classify the social business configurations that companies have developed.

### **7.1 Diffusion of the phenomenon**

According to the first objective of the research, it was observed that the phenomenon of companies developing SB at BOP is still in the early stages of diffusion. Indeed, despite authors assert that there is a strong evolution of CSR practices shifting from reactive approaches, based on the mitigation and reduction of negative externalities of business activities, to proactive approaches, aimed at valorize and exploit the positive link between business and society (Carroll and Shabana 2010; Porter and Kramer 2002, 2006; Zadek 2004), it was observed that only a small proportion (6,5%) of the companies analyzed are currently engaged in SB at BOP. Indeed, social business can be considered an advance form of strategic CSR (Power and Wilson 2012; Seelos and Mair 2007; Yunus et al. 2010) and seems reasonable that only a small proportion of companies have already experienced such new form of CSR. However, 6.5 million employees are currently working for companies engaged in the SB at BOP, witnessing that the phenomenon is relevant though it is the early stages of development.

### **7.2 Effects of Company' Characteristics on SB Engagement**

According to the second objective, the study represent one the first attempts to analyze whether and to which extent a number of companies characteristics influence the engagement of companies in SB at BOP. In particular, the study contributes to broaden the validity of existing CSR theory to the context of social business. Indeed, has been found that size, sector, country, age of membership and the Global Compact differentiation level have a positive effect on the SB engagement.

Size is statistically significant and positively related to SB engagement. Indeed, an increase in size equal to ten thousand employees increases the probability of doing SB at BOP by 4,5%. The positive effect of size is probably motivated, as stated in the literature, by a major resource availability of large companies. Indeed, one important aspect when companies engage in SB at BOP is the concept of be patient. Indeed, in order to operate at BOP companies have to develop new business models (often) in new contexts and this increases the necessity of make investments over a longer time horizon. In addition, is well known, that social businesses create long term returns both social and economic (London and Hart 2011). As a result, companies that engage in SB at BOP should invest "patient" financial and human capital for a long time horizon and this may imply that only large companies have the necessary resource-slack to make such investments. In addition, larger companies have more evolved managerial process and skills and this enable them in dealing with the development of new social business models at BOP (Udayasankar 2008). Another relevant aspect related to size is visibility. As stated in literature larger size is often associated with higher visibility. Gallo and Christensen (2011) argue that larger companies are more visible and so are highly exposed to external pressure of stakeholders and to public scrutiny. However, the engagement of companies in social business at BOP is not (or at least partially) motivated by a reaction to external pressure of stakeholders but rather from the willingness of the company to

develop new value creation strategies (Yunus et al. 2010). However, companies with higher visibility can leverage the development of social business as a way to increase their legitimacy and reputation in the eyes of external stakeholders (Marano and Tashman 2012; Tasavori 2013). Indeed, developing social business may be an effective way to enhance the legitimization of the company in the eyes of local stakeholders because it is perceived as a high social value initiative. In particular, achieve legitimacy from local stakeholders can be a critical factor especially for a company that start its operations in a new business environment such as BOP. As a result, we can assert that larger European companies are more prone to engage in social business at BOP.

Sector: Top Sector dummy is significant and positively related to the engagement of companies in SB at BOP. In particular, companies belonging to energy and wash, food and beverage, healthcare and pharmaceuticals and financial services are three times more likely to do SB at BOP compared to companies operating in other sectors. This result is in line with previous studies that have identified a significant impact of the industry on the engagement of firms in CSR (Banerjee et al. 2003; Melo and Garrido-Morgado 2012). Sector specific effects are probably motivated by the fact that such sectors present some distinguishing characteristic that make them challenging and promising simultaneously. In particular, energy and wash and healthcare and pharmaceuticals are characterized by huge unmet social needs. Indeed, it is estimated that 3 billion people lack access to water and toilet, 1.2 billion people lack access to electricity, more than 2.7 billion people rely on the traditional biomass fuel for cooking and 400 million people do not have access to essential healthcare services (see Ch.2 section 2.1). In addition, such sectors are characterized by a huge latent demand indeed as income raises the consumption of this products and services increases steeply (Hammond et al., 2007). Moreover, promote the access to healthcare and energy becomes an enabler to satisfy other social needs. For instance the access to energy is *“essential for the provision of clean water, sanitation and healthcare and for the provision of lighting, heating, cooking or telecommunications services”* (International Energy Agency 2016). As a result, companies belonging to healthcare and energy probably develop social business at BOP due to the fact that there are huge unmet needs and a strong latent demand that makes such sector promising in terms of long term growth perspectives. On the other hand, companies belonging to financial services engage primarily in microfinance activities. Microfinance is a sector that grew substantially in last decades and now is a quite established model to promote financial inclusion of poor. Consequently, companies begin to see financial BOP markets as a business opportunity where they can leverage core competencies and expertise to create social value and profits (Hammond et al. 2007a). In addition, also microfinance becomes an enabler to satisfy other unmet needs such as education, healthcare, job and income generation. Indeed, it was observed that most of the companies, operating in energy and wash, healthcare and pharmaceuticals and financial services, engage in SBs related to their core business. In fact, a significant correlation has been found between the sectors of provenance and the impact generated by the social businesses. In particular, companies belonging to energy and wash show an high correlation with social businesses developed to promote access to energy and wash (correlation coefficient of 0,6019 – confidence level 0,99%). The same hold true for healthcare and pharmaceuticals (correlation coefficient 0,9209) and financial services (correlation coefficient 0,4967). For what concerns food and beverage no significant correlation has been found. This means that companies operating in promising sectors in terms of long term perspectives of growth and profitability are more prone to develop SBs at BOP to harness such opportunities. Finally, companies belonging to food and beverage seem that implement social

business initiatives to strengthen their international supply chain. Indeed, companies belonging to such sector implement SB to improve procurement or distribution strategies rather than directly providing food to BOP consumers. Indeed, in such countries agriculture is an important source of jobs and income and promoting inclusive businesses that focus on BOP as producers, employees or distributors can generate income and a relevant social impact while benefitting the company value creation strategy.

Country: Top 5 Countries dummy is significant and positively related to the engagement of companies in SB at BOP. In particular, companies belonging to Switzerland, Italy, UK, France and Germany are about two times more likely to do SB at BOP compared to companies belonging to other countries. As stated in literature national CSR policies can influence the behavior of companies toward their social sphere but is extremely difficult to make a clear association between engagement of companies in SB at BOP and national CSR policies. Indeed, many factors can influence the choice of the company and further researches are needed to outline the origin and the dynamic of country-specific effects on the engagement of companies in SB at BOP.

Age: age of membership is statistically significant and shows a positive relation with the engagement of companies in SB at BOP. In particular, an increase of one year of membership increases the likely of doing SB at BOP by 10%. The age of membership can be considered a proxy of the company's experience in CSR. Indeed, since more years a company is member to the UNGC more experience has accumulated on CSR practices. As expected, being the SB an advanced form of strategic CSR, prior experiences in CSR become determinant for the engagement in SB at BOP.

Global Compact Differentiation level (Advanced): GCDL2 dummy is significant and positively related to the engagement of companies in SB at BOP. In particular, companies with a differentiation level equal to advanced are about two point five times more likely to do SB at BOP compared to companies classified as active or learner. Indeed, companies with a differentiation level equal to advanced have already implemented evolved CSR practices and as a consequence have matured more experience in advanced CSR models. Being the development of social business at BOP a quite complex and challenging process, these companies, having more experience in dealing with CSR practices, are probably best positioned to develop SB at BOP.

### **7.3 Social Business Configurations**

According to the third objective, the research contributes to broaden the validity of existing CSR theory to the context of social business and adds new original findings to the social business literature. Indeed, in literature few studies have analyzed the social business configurations and they have mainly focused on cross-sector partnerships as a means to develop new social business models with the aim satisfy needs of low income people (Austin 2000; Austin and Seitanidi 2012; Dahan et al. 2010; Kolk et al. 2008; Sakarya et al. 2012; Seelos and Mair 2007). Despite cross-sector collaborations are the most common form through which companies engage in social business at BOP it's worth noting that in theory there are a wide variety of possible social business configurations. In literature, have been identified four macro social business configurations: Corporate Philanthropy, Investment Model, Partnership, and Internal Development (Husted 2003; Husted et al. 2010; Power and Wilson 2012). The research identified and classified seven social



business configurations, this means that, in addition to the four configurations proposed by authors, three additional configurations have been pointed out. In particular, under the label of “Philanthropic Approaches” have been identified three configurations: Traditional Grant Based Funding, Social Venture Competition and Employees Philanthropic Approach. Such configurations imply a relatively low level of engagement of the company even if companies through such approaches can achieve different objectives and benefits. Under the umbrella of the investment model have been identified two configurations: Financial Investment Model and Corporate Investment Model. The sub-configurations nested in the investment model differ in as much in the financial investment model the company does not provide any additional resources beyond funds while in the corporate investment model the company provides critical resources and skills, crucial for the development of the social business. Finally, the research corroborates that a fair number of companies develop the social business through partnerships and a limited number of companies develop the SB internally. Such results are also consistent with the outcomes of Austin (2000, 2012) that confirms that CSR programs are often developed through collaborations between businesses and MdOs and such collaborations can assume different forms (Austin and Seitanidi 2012). They may range from philanthropic relationships, where companies (donors) provide funds or in kind donations to the recipient (usually not for profit) to more integrated forms, where both parties actively collaborate to achieve a common objective (Austin 2000). Our results, confirms that companies when engage in SB at BOP can develop different configurations that range from philanthropic approach, where the company provide grants and in kind donations to the SB, to form of collaborations, that imply different degree of engagement, to the internal development model where the company is highly engaged in the social business (for a detailed analysis of social business configuration see previous section). Concluding the research supports that companies develop SB at BOP through the four main configurations of philanthropy, investment, partnership and internal development (Husted 2003; Husted et al. 2010; Power and Wilson 2012). In addition, it contributes to the current debate pointing out three additional configurations. As a result, the research represents a first attempt to analyze the whole spectrum of social business configurations that companies can develop to engage in SB at BOP.

The seven SB configurations have been classified according to the level of engagement of the company in the development of the social business.

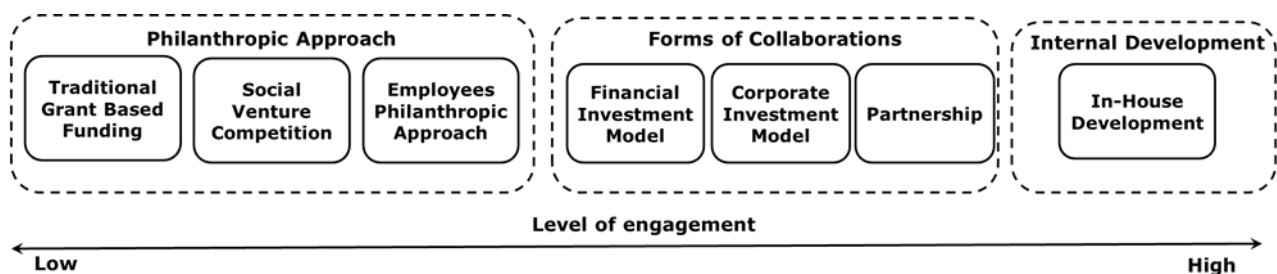


Figure 33 Classification of Social Business Configurations

The classification should be interpreted as a continuum useful to characterize the different configurations. It is worth noting, that the classification is based on a continuum because each company can, in principle, moves dynamically along the continuum implementing SB through different configurations and so the boundaries among configurations are not always clear-cut or static. Indeed, have been observed different dynamics worth of attention.

First, some findings show a “timing” effect. Indeed, more than half of the companies have developed SB through a philanthropic approach. But it was observed that some companies are moving along the “configuration continuum” and begin to implement the SB through more “engaging configurations”. A representative example is the case of Alstom that declares: *“The Foundation apply traditional grant based funding to all almost projects, with the exception of this one in which apply an investment model as a an extension of a pilot project that Alstom Foundation launched in 2012 with EGG Energy in 2 schools and 1 orphanage”* (Alstom 2015). So it is possible that companies when engage in SB for the first times opt for philanthropic approaches, probably because are the less challenging and more flexible way to experiment with such new models, and then, once it gained experience, move toward more engaging forms of development such as investment or partnership.

The second aspect is that companies can implement more social business configurations simultaneously. The development of multiple configurations can follows two dynamics. A horizontal one where companies develop multiple social businesses through different configurations. A representative example of such approach is LGT Group Foundation: *“Generally we do not use grants to fund organizations whose business models allow for generating income, but prefer loans or equity investments. We do this because we want to strengthen local markets and not distort them through donations”* (LGT Group Foundation 2016). In this case the company has developed different value propositions to develop SB at BOP and the most appropriate depends on the characteristics of the social business. Indeed, if the social business generates enough income to repay the investment the company opts for the investment model otherwise for philanthropic approaches. A second approach to develop multiple configurations follows a vertical dynamic. Indeed, Danone has created *“a socially responsible investment fund that dedicates part of its assets to social businesses”*(Danone 2015). The fund has the objective of creating or expanding social businesses consistent with the company’s mission and attract new investors that want to commit their savings to social progress. But it is worth noting that the Danone Communities fund *“use this innovative business model to partner with local stakeholders and NGOs, combining their know-how with Danone’s”* (Danone 2015). Indeed, once the fund identified an eligible partner, the social business is developed through a partnership model where the company is highly engaged in the management and a dedicated staff collaborates with the partner organization in the development of the social business. Despite such results are qualitative and hardly generalizable, it is worth noting that some companies do not develop SB at BOP through a static approach but rather develop SB through multiple configurations. Furthermore, an evolution from low engaging configurations to high engaging configurations seems emerge as companies gain experience in SB at BOP.

Finally, the post-cluster analysis points out that companies developing SB at BOP through forms of collaboration and internal development are both older member of the UNGC and larger in terms of number of employees compared to companies that develop SB at BOP through the philanthropic approach. The age of membership can be considered a proxy of the company’s experience in CSR. The evidence that companies that develop SB at BOP through high engaging configurations are older members of the UNGC supports the idea that a “timing effect” exists. Indeed, older members (companies) have gained more experience in CSR and probably are best positioned to develop SB

through forms of development such as investment, partnership or internal development. On the other hand companies with less experience in CSR develop SB through philanthropic approaches because are probably the less challenging and the more flexible ways to develop SB at BOP. On the other hand it was observed that companies developing SB at BOP through forms of collaboration and internal development are larger than companies developing SB through the philanthropic approach. This confirms, as stated in literature, the fact that large companies possess higher resource slacks and more evolved managerial processes and skills that enable them in dealing with the development of new social business models at BOP.

#### **7.4 The Social Business is related to the Core Business**

A common pattern of companies engaging in SB at BOP is that they engage in SB related to their core business. Indeed, a significant correlation has been found between the sectors of provenance and the impact generated by the social businesses. In particular, companies belonging to energy and wash show a high correlation with social businesses developed to promote access to energy and wash (correlation coefficient of 0,6019 – confidence level 0,99%). The same hold true for healthcare and pharmaceuticals (correlation coefficient 0,9209) and financial services (correlation coefficient 0,4967). Furthermore, it is worth noting that correlations between the companies' sectors and the impact generated by the social businesses were found also for other sectors, even if for these sectors the small number of observations creates a problem of results reliability. However, it is worth noting that authors assert that most CSR activities remains peripheral to the business activity and focus on generic social issues unrelated to the company business (Austin 2000; Porter and Kramer 2006, 2011). For what concerns the social business, it was observed that most of the companies when engage in SB at BOP develop initiatives strictly related to their core business. And this is especially true for companies that develop social business through configurations where the company is highly engaged. As a result, we can assert that, unlike traditional CSR, companies that develop social business at BOP seem much focused on initiatives that are aligned and synergic with their core business. Indeed, companies through the development of SB at BOP can build relationships with local stakeholders, acquire knowledge on local markets or develop new products, services, and business models that can unleash new business opportunities and more the SB is aligned with the core business more the benefits achievable. This result is consistent with the fact that authors have recently developed new frameworks to promote the alignment of CSR practices with the core business as a strategic instrument to create economic and social value simultaneously (Austin and Reficco 2009; Porter and Kramer 2011; Saul 2011; Spitzeck et al. 2013; Spitzeck and Chapman 2012). And, being the social business an advanced form of CSR, it is probably implemented by companies with the right experience in CSR that makes them able to develop programs well aligned with the core business.

#### **7.5 Companies' Objectives**

Although the objectives of companies doing SB at BOP cannot be included in the MCA and cluster analysis due to lack of information, a qualitative analysis has been performed. In particular, it was observed that moving along the continuum from “low engaging” configurations to “high engaging”

configurations the objectives that companies can achieve have a cumulative effect. Indeed, except for moral motivations that seems a powerful driver for the engagement of companies in SB at BOP independently from the specific SB configurations developed, for what concern the other set of objectives, it was observed that, moving along the continuum (from low to high) companies aim to achieve more strategic objectives. Indeed, in literature, the objectives of companies that engage in SB at BoP tend to be clustered in two main approaches: a strategic perspective and a moral perspective (Brønn and Vidaver-Cohen 2009; Graafland and van de Ven 2006). The strategic perspective includes instrumental and institutional motivations. The first refers to the positive impact that SB may have on company value creation strategies in terms of opportunity to develop innovations, make learning investment or enter in high growth markets but can also refers to image returns or benefits from a good corporate reputation (London and Hart 2011). The institutional motivations consist in the capacity to respond to institutional pressures either externally, internally or laterally in order to preserve or enhance the company's legitimacy and credibility (Brammer et al. 2012; Campbell 2007; Dacin et al. 2007; Matten 2006). In particular, analyzing the specific social business configurations, improve image, reputation and stakeholders relationship are the main objectives of companies that develop SB through traditional grant based funding and social venture competition. However, it is worth noting that few companies organize social venture competitions to foster the development of innovations or to create new market ecosystems. Employees philanthropic approach is mainly motivated by the objective of motivate, retain and attract high performing employees. The financial investment model is associated to the improvement of image, reputation, legitimacy and stakeholders' relationship. Through the corporate investment model companies aim to acquire knowledge on the BOP, develop innovations and create new markets. The partnership approach is used to develop innovations and create new markets with the aim of integrate the new solutions developed within the existing business model of the company. Internal Development is mainly related to the willingness of the company to create or expand existing markets at BOP. Moving along the continuum from philanthropic approaches to internal development, the objectives shift from moral and institutional motivations to more instrumental ones such as the development of innovations and market creation. However, the cumulative effect means that companies that develop SB through integrated approaches such as corporate investment model, partnership or internal development in order to develop innovations and create new markets, benefit as well from a better image and reputation or more motivated employees. Indeed, for each configurations have been analyzed the main objectives declared by the companies but secondary objectives can be achieved as a sort of by-product of the social business initiative. These findings are in line with the existing literature and confirm that companies when engage in SB at BOP are driven by a mix of moral, institutional and instrumental motivations.

## **7.6 BOP Principles and Social Business Configurations**

It is widely shared in literature that to develop sustainable market-oriented solutions, with the potential to scale, new business approaches should be designed (London 2007a; London and Hart 2004; Prahalad and Hammond 2002; Schrader et al. 2012). As a result, some principles have been identified in literature as crucial to develop new business strategies to serve the BOP. They are: market creation, poverty alleviation, innovation and co-creation and stakeholders' participation

(London et al. 2010; Prahalad and Hammond 2002; Prahalad and Hart 2002; Simanis 2011). Through the analysis of the social business configurations developed by companies to engage in SB at BOP, it was observed that such principles have been to a certain extent embedded. In order to understand how companies incorporate such principles in the social business configurations a useful differentiation should be made between "low engaging configurations" and "high engaging configurations". Indeed, companies that develop SB through philanthropic approaches or the financial investment model do not embed, or embed only partially, such principles in their programs. Basically, because they are not involved in the development of the social business and therefore such principles are embedded by the partner organizations (MdOs, SEs, MFIs) that actually implement the SB at BOP. On the other hand, companies that engage in SB through configurations that imply their active involvement in the development should integrate these principles in their strategies. Indeed, companies that develop SBs through corporate investment model, partnerships or internal development integrate such principles in the social business configurations.

The concept of develop innovative solutions tailored on the BOP needs is a common element among companies that develop SB at BOP. ENGIE developing SBs through the corporate investment model states that the *"Group has developed innovative models to support projects aimed at providing energy to vulnerable populations"* (ENGIE 2015). Through the establishment of a multi-stakeholders partnership Holcim launched a housing project *"which aims to provide innovative and sustainable solutions to the lowest income segments"* (Holcim Ltd 2015). Laerdal Medical & Laerdal Global Health has developed the SB internally through the introduction of *"12 - 15 disruptive innovative solutions that are durable, simple, culturally adaptable, and affordable"* (Laerdal Global Health 2015). As a result companies when develop SB at BOP are focused on the development of innovations such as new products, services and business models specifically designed to meet the BOP needs. Indeed, as stated in literature, companies in developing SB at BOP cannot transfer existing models from the top to the bottom of the pyramid but should develop new solutions tailored on the BOP contexts.

Poverty alleviation is a central element in all social business configurations. It is worth noting that poverty is a multidimensional concept and income is only one dimension of deprivation (Kakwani and Silber 2007). In addition to income, other basic needs such as nutrition, health, education, shelter, access to information, freedoms or security are all dimensions that indicate whether a person lives in poverty or not (Kakwani and Silber 2007). Therefore, companies when engage in SB at BOP aim at reduce poverty through different strategies such as the promotion of access to basic services (energy, water, house, education, healthcare), the promotion of financial inclusion or the promotion of local jobs creation. Furthermore, it is worth noting that deprivation in one field prevents the satisfaction of other basic needs due to their interdependence. For example, the access to energy enables the satisfaction of other social needs such as the provision of clean water, sanitation, healthcare or telecommunications services (International Energy Agency 2016). As a result, companies when engage in SB at BOP contribute to reduce poverty through integrated approaches that generate multidimensional benefits to the BOP. A representative example is Holcim that provides access to housing *"integrating technical, financial, capacity building and low-income housing community development components"* (Holcim Ltd 2015). Unilever specialized in home based solutions declares: *"We recognize the importance of a holistic approach to the interconnected issues of poor hygiene, lack of safe drinking water and poor sanitation. We believe we are uniquely*

*placed to play an active role in addressing the sanitation crisis with our global reach, innovation, marketing and behavior change expertise, distribution networks, and our Household Care brands”* (Unilever 2015b).

Co-creation and stakeholders participation is at the hearth of the concept of social business. The involvement of multiple stakeholders, and especially BOP communities, in the venture design is deemed as a crucial principle (London 2007b; Simanis and Hart 2008). Companies in the development of social business at BOP very often adopt participatory approaches to involved external stakeholders. Siemens states that *“the project was executed with the active participation of the community right from the start”*, another confirms that in the new business model is *“included the support of neighborhood associations”* (Siemens AG 2015). ABB that adopts a multi-stakeholders approach declares that *“is prepared to take on non-traditional partnerships and work more closely with UN agencies, governmental and nongovernmental organizations and other civil actors”* (ABB 2015).

Market creation: BOP markets are characterized by persistent inefficiencies such as lack of infrastructures, lack of a strong consumer demand, lack of skilled manpower, complex legal framework, informality and so on (Rosler et al. 2013). When companies want to serve the BOP should take an active role in creating market opportunities (London et al. 2010). Indeed, many authors instead of market entry deem that the most suitable approach is market creation (London and Hart 2004; Simanis 2011). Companies can contribute to market creation through different social business configurations. Orange that developed social venture competitions in Africa declares that *“the program contributes to the local development of ICT markets and innovation ecosystems”* (Orange 2015). Holcim declares that *“although these projects currently do not provide a significant financial return, Holcim recognizes that addressing the significant need for low-income housing has the potential to trigger large-scale societal change while providing tangible business benefits”* (Holcim Ltd 2015). Concluding we can assert that companies that engage in SB at BOP actually embed, as recommended in literature, the BOP principles. In particular, companies that develop high engaging SB configurations seem more prone to integrate such principles in the design of the SB. However, the analysis is qualitative and so results are hardly generalizable, even if a common pattern seems emerge.

## **8. Conclusion**

### **8.1 The issue**

The base of the economic pyramid is defined as the four billions people living with an annual income below \$3,260 in local purchasing power (London and Hart 2011). The majority of BoP population lives in Africa, Asia, Eastern Europe, Latin America and the Caribbean (Hammond et al. 2007a). Despite BoP markets are heterogeneous in terms of geographic range and income level they are characterized by some common features. They present significant unmet (social) needs, defined as the needs of the disadvantaged segments of population who do not benefit from the value created by the market (Harris and Albury 2009). Indeed, low income people very often do not have access or cannot afford many products and services allocated by the market (London et. al., 2011). Furthermore affordability is threaten by the so-called “poverty penalty”, indeed low income populations very often pays higher prices for product and services than does high income population in developed countries, not only in monetary terms but also in terms of efforts to obtain them (Hammond et al. 2007b).

As a result most people living at BoP are excluded from the value created by the global market economy. Historically, the socio-economic development of those contexts has been left to public and nonprofit organizations (Yaziji and Doh 2009). Despite the efforts and the results achieved in terms of poverty alleviation and local development, recently there is growing awareness that profit companies can play a crucial role to significantly develop such markets (Karnani 2007, 2009; London and Hart 2004). Indeed, many companies are changing their attitudes toward social responsibility, moving from reactive approaches based on mitigation and reduction of negative externalities of business activities to proactive approaches aimed at valorize and exploit the positive link between business and society (Austin and Reficco 2006; Porter and Kramer 2002, 2006; Saul 2011; Spitzeck et al. 2013; Spitzeck and Chapman 2012; Zadek 2004). Such new approaches of implementing corporate social responsibility (CSR) are particularly relevant for the development of poor contexts such as BoP (Brugmann and Prahalad 2007). But at the same time, it is worth noting that, BoP markets, with an aggregate purchasing power of around \$5 trillion a year, represent also a huge opportunity for companies that want to enhance their long-term profitability perspective (Prahalad and Hammond 2002; Prahalad and Hart 2002). Therefore, companies are facing a unique challenge, find new ways to address social needs in order to boost local development and reduce poverty in the short term and increase their expected profits in the long term. We suggest that in this context (BoP), the development of social businesses (SB) is, for large companies, an innovative and promising way to satisfy unmet social needs and to experience new forms of value creation (Power and Wilson 2012; Seelos and Mair 2005; Yunus 2007, 2010). Indeed, social business can be considered a proactive model to develop sustainable CSR programs that fully integrate the social dimension into the business as a strategic instrument to create economic and social value simultaneously (Austin and Reficco 2006; Porter and Kramer 2011; Yunus et al. 2010). However, the actual contribution of companies to the development of SB at BOP is far from being fully understood. Indeed, in literature, few studies have analyzed how large companies develop SB at BOP and in particular are not clear the diffusion of the phenomenon, which are the companies that are actually doing SB at BOP and their role in the development of the SB.

## **8.2 The academic Contribution**

From an academic perspective, the research contributes to broaden the validity of existing CSR theory to the context of social business and adds new original findings to the social business literature. Indeed, the thesis extends the current literature from different points of view. First, the issue of social business is largely unexplored, especially from a company perspective, and the research contributes to shed some light on this emerging phenomenon. In particular, in literature have been documented several cases of companies that engage in social business at BOP. However most of the studies are conceptual or based on qualitative research methodologies such as case study analysis (Dahan et al. 2010; Power and Wilson 2012; Seelos and Mair 2005, 2007; Yunus et al. 2010) and despite they provide practical and theoretical rich information, a comprehensive understanding of the characteristics and the diffusion of the phenomenon is still lacking in literature. Therefore, the thesis represents one of the first attempts to quantitatively map the state of the art of European companies doing SB at BOP, in order, to outline the diffusion and the characteristics of such emerging phenomenon. Second, as stated by Kolk (2006) different characteristics of the company can influence its business approach to the BOP (Kolk and van Tulder 2006). However, unlike traditional CSR, in literature there is a relative paucity of information about the characteristics of companies engaging in social business at BOP. Therefore, the research broadens the validity of existing CSR literature to the context of social business pointing out whether and to which extent a number of companies' characteristics influence the engagement of companies in SB at BOP. Third, in literature few studies have analyzed the role of large companies in the development of SB at BOP. The research analyzing the social business configurations developed by companies outlines the different roles that companies (and partners) can play in the development of SB at BOP. Furthermore, identifying and classifying the whole spectrum of social business configurations that firms can develop, shed additional light on this emerging phenomenon, beyond a strict focus on cross-sector partnerships. Finally, a number of minor contributions have been provided pointing out: the objectives of companies doing SB at BOP, the relation between the social business and the core business of the firm and how companies integrate the BOP principles in the social business configurations.

## **8.3 The Managerial Contributions**

By achieving the research objectives, the study will provide a comprehensive picture of the state of the art of European companies doing social business at BOP contributing to disclose an innovative and promising way to address social needs and new forms of value creation. Indeed, clarifying the role that companies can play in the development of SB and the benefits achievable, it may encourage their proactive participation. Indeed, it can support companies in the development of SB initiatives. According to Husted et al. (2010), the choice of how undertake CSR initiatives should be managed by companies as a strategic decision and in principle, companies have three options to develop SB initiative within their CSR programs. A company can develop social business via outsourcing, develop social business internally, or collaborate with other mission-driven organizations to develop new social ventures or expand existing ones (Husted 2003). Assuming that



all companies have limited and hence scarce resources (Child et al. 2005), they should deploy internal resources only on strategic activities and buy (outsource) activities of little importance. If we define the strategic relevance as the capacity of the social business to increase the company's long term perspective of growth and profitability we have observed different approaches according to the different social business configurations developed by companies. If a company develop social businesses with high strategic relevance in order to address specific social issues, high engaging configurations such as corporate investment model, partnership or internal development seem an efficient option. Indeed, through these configurations companies can leverage organizations specific resources to develop distinctive value propositions that increase their capacity to create a durable competitive advantage while benefitting society (Porter and Kramer 2011; Prahalad and Hart 2002; Saul 2011). Indeed, in this case companies can achieve specific and inimitable business benefits such as the capacity to operate in new markets, the development of new business models or new product and services tailored on BOP needs. On the other hand if a company develop social business with low strategic relevance, low engaging configurations seem an appropriate option. In particular, traditional grant based funding, social venture competition and financial investment model seem a suitable option if the company aim to achieve benefits mainly in terms of image and reputational returns or better relationship with stakeholders. In this case the involvement of the company in the development of the SB is minimal and benefits achieved are "generic". In case a company want to develop social businesses to motivate, retain or attract high performing employees it can support existing SB through the employees philanthropic approach. In this case the business benefit for the companies are generated at individual level by the creation of personalized career development and the creation of new skills and competences. As a result a company should choose the most suitable social business configuration according to the objectives / benefits wants to achieve, the amount of resources it wants to invest and the time horizon it wants to be engaged. The research represents also a useful tool for policy-makers that, through regulations and incentives, can contribute to speed up the diffusion of the social business to promote the sustainable development of developing countries. Furthermore, it is relevant for mission driven organizations (NPOs, NGOs, Social Enterprises,) as a support tool to attract financial and non-financial resources from private sectors to enhance economic and social sustainability of their development projects (Brugmann and Prahalad 2007). Last but not least, it can contribute to improve the living conditions of people living at the base of the economic pyramid.

#### **8.4 Limitations and Further Research**

In the end, we discuss the main limitations of the research and the areas for future development. The main limitation of the research is related to the sample selection. Indeed, as explained (section 4.2) in the research articulation the sample has not been stratified due to lack of observations. The analysis of sample representativeness outlines that some countries and sectors are over / under represented compared to the real distribution of European firms (Eurostat Database). However, due to the lack of observations it was not possible to stratify the sample in order to makes it fully representative of European companies population. However, this fact does not pose serious problem in terms of generalizability of results. Indeed, the database was created starting from the database of the United Nation Global Compact (UNGC), the world's leading corporate responsibility program

that includes more than 8,000 businesses. Therefore, the sample is composed by the companies that voluntarily joined the UNGC or in other words are implementing international recognized principles in their CSR sphere. It is worth noting that the UNGC does not apply any monitoring mechanisms, and member companies are accountable for their actions and omissions. Therefore, the program (Global Compact) does not distort the sample through the application of a regulatory framework that influences the behavior of companies in the CSR sphere but instead promotes a voluntary process of learning and innovation. However, it is worth noting that the Global Compact provides a formal space for generating and disseminating innovative sustainable business practices, for instance promoting the engagement of member companies in issue-specific learning platforms (for instance on food and agriculture or on water and sanitation). This, in principle, may result in a higher propensity of member companies to implement advance CSR programs such as social business. However, other similar initiatives not related to the Global Compact exist, and so we can assert that results are generalizable and are representative of companies actively engaged in CSR, independently whether are members or not. Further researches are needed to shed additional light on this emerging phenomenon. Indeed, the social business, as advanced form of strategic CSR, is gaining relevance in last years but few studies have been performed. In particular, further researches are needed to support results related to companies' characteristics. Indeed, have been found that a number of companies' characteristics influence the engagement of companies in SB at BOP but, being an exploratory research, further evidences are needed. In addition, the dynamic of some variables are not fully understood, such as the country specific effects, and further researches can better explain the dynamic of such determinants. Furthermore, would be interesting to replicate the study in other geographic region such as the USA and assess, whether present, the differences. Further researches can be very promising also in explaining the evolution of companies' approaches to SB at BOP. Would be interesting to monitor, over time, the growth of the phenomenon in terms of diffusion. Moreover, has been observed that companies develop SB through different configurations and some companies are evolving their approaches toward more "engaging configurations". Would be interesting to analyze whether a "timing effect" exists, and so if companies once have gained experience in the SB are more prone to develop "high engaging" configurations such as corporate investment model, partnership or internal development. Finally, further researches are needed to analyze which are the objectives of companies that engage in SB at BOP. Indeed, despite a qualitative analysis of companies' objectives has been performed, companies do not clearly state their objectives in the website or in public reports. As a results, a survey approach would be very useful to understand the relation between objectives and SB configurations even if get a significant sample's size can be problematic. Another interesting approach would be to develop in depth case studies to analyze the relation between objectives, social business configurations and returns achieved, in few but significant cases.

## Annex 1: Sector Classification

<b>UNGC Sector Aggregation</b>	
Banks	Financials
Equity Investments	
Financial Services	
Life Insurance	
No equity Investment Instruments	
Nonlife Insurance	
Industrial Metals & Mining	Mining
Mining	
Oil & Gas Producers	
Beverages	Food and Beverage
Food Producers	
Personal Goods	Personal Goods
Technology Hardware & Equipment	Technology and Hardware
Electronic & Electrical Equipment	
Automobiles & Parts	Automotive
Aerospace & Defense	Aerospace & Defense
Pharmaceutics	Healthcare and Pharmaceuticals
Pharmaceuticals and Biotechnology	
Health Care Equipment & Services	
Leisure Goods	Travel & Leisure
Travel & Leisure	
Industrial Transportation	Industrial Transportation
Construction and Materials	Construction
Household Goods and Home Construction	
Food & Drug Retailers	Retail Trade
General Retailers	
Fixed Line Telecommunications	ICT
Mobile Telecommunications	
Media	
Software & Computer services	
Support Services	Other
Not Applicable	
Industrial Engineering	Industrials
General Industrials	
Electricity	Energy and WASH
Gas, Water & Multi-utilities	
Alternative Energy	
Oil Equipment services and distribution	
Real Estate	Real estate activities

Real Estate Investment & Services	
Real Estate Investment Trusts	
Chemicals	Chemicals
Forestry & Paper	Forestry & Paper

### Sector Comparison UNGC – NACE rev.2 Standard

UNGC Sectors	NACE rev.2 Sectors	
Banks	Financials	
Equity Investments		
Financial Services		
Life Insurance		
No equity Investment Instruments		
Nonlife Insurance		
Industrial Materials & Mining	Mining and Quarrying	
Mining		
Oil & Gas Producers		
Beverages	Manufacturing	
Food Producers		
Chemicals		
Forestry & Paper		
Personal Goods		
Technology Hardware & Equipment		
Pharmaceutics		
Pharmaceuticals and Biotechnology		
Electronic & Electrical Equipment		
Automobiles & Parts		
General Industrials		
Industrial Engineering		
Tobacco		
Aerospace & Defense		
Leisure Goods		Accommodation and food service activities + Transportation and storage
Travel & Leisure		
Industrial Transportation		
Construction & Materials	Construction	
Household Goods and Home Construction		
Food & Drug Retailers	Wholesale and retail trade; repair of motor vehicles and motorcycles	
General Retailers		
Fixed Line Telecommunications	Information and communication	
Mobile Telecommunications		
Media		
Software & Computer services		

Support Services	Others + Professional, scientific and technical activities
Health Care Equipment & Services	
Not Applicable	
Electricity	Electricity, gas, steam and air conditioning supply + Water supply; sewerage, waste management and remediation activities
Gas, Water & Multi-utilities	
Alternative Energy	
Oil Equipment services and distribution	
Real Estate	Real estate activities
Real Estate Investment & Services	
Real Estate Investment Trusts	

## Annex 2: Company's Form

In this section will be provided both the template of the company's form and one examples of company's form for each cluster analyzed. It is worth noting that a detailed profile has been prepared for each companies analyzed.

### Template of Company's Form:

<b>General Information:</b>	
<b>Company Name:</b>	
<b>Mission:</b>	
<b>Type of Ownership:</b>	
<b>Sector:</b>	
<b>Country:</b>	
<b>Membership date to the UNGC:</b>	
<b>N° of Employees:</b>	
<b>Global Compact Differentiation Level:</b>	

<b>Program Information:</b>	
<b>Website Section Analysed:</b>	
<b>Name of the Program Analysed:</b>	
<b>Sustainability Report :</b>	
<b>Website link:</b>	

<b>Company Objectives (if declared):</b>	
--	--

<b>Objectives of the social business:</b>	
---	--

<b>Value Proposition:</b>	
<b>Social Problem / Need Addressed:</b>	
<b>Target Customer / Beneficiaries:</b>	
<b>Products and Services offered:</b>	

<b>Description of resources provided and activities performed:</b>	
<b>Key Material Resource Provided:</b>	
<b>Key Immaterial Resource Provided:</b>	
<b>Key Activity Performed by the Comp.:</b>	
<b>Business Units Involved:</b>	
<b>Main Partners:</b>	
<b>Key Activity Performed by the Partners:</b>	
<b>Other Notes (if relevant):</b>	

<b>Performances Achieved:</b>	
<b>Social Benefit</b>	
<b>Economic Sustainability</b>	

### **Traditional Grant based Funding - Company Report: Atlas Copco AB**

<b>General Information:</b>	
<b>Company Name:</b>	Atlas Copco AB
<b>Mission:</b>	Atlas Copco's mission is to deliver sustainable profitable growth. That means we protect and grow our business, including our resources and people, in a way that is economically, environmentally and socially responsible.
<b>Type of Ownership:</b>	Publicly Listed
<b>Sector:</b>	Industrial Engineering
<b>Country:</b>	Sweden
<b>Membership date to the UNGC:</b>	26/12/2008
<b>N° of Employees:</b>	39800
<b>Global Compact Differentiation Level:</b>	Advanced

<b>Program Information:</b>	
<b>Website Section Analysed:</b>	Home > Sustainability > Our sustainability approach > Empowering local communities
<b>Name of the Program Analysed:</b>	Water for All
<b>Sustainability Report (if analysed):</b>	Water for all factsheet report 2016
<b>Website link:</b>	<a href="http://www.atlascopcogroup.com/en/sustainability/our-sustainability-approach/empowering-local-communities">http://www.atlascopcogroup.com/en/sustainability/our-sustainability-approach/empowering-local-communities</a> ; <a href="http://www.water4all.org/us/">http://www.water4all.org/us/</a>

<b>Company Objectives (if declared):</b>	We take that responsibility seriously and always act in the best interests of our local communities and the local economy.
<b>Objectives of the social business initiatives:</b>	Water for All is the Atlas Copco Group's main community engagement project, both initiated and run on the local level by Atlas Copco employees. The mission is to provide people in need with long-term access to clean drinking water and sanitation on a sustainable basis.

<b>Social Problem / Need Addressed:</b>	Lack of Financial Resources (MdOs) -- Access to Wash
<b>Target Customer:</b>	non-political, non-profit organizations (as we don't do any work ourselves out in the field)
<b>Products and Services offered:</b>	Grants (Monetary Donations) plus support in the background; Monetary Donations are collected by employees directly from the salary by the HR department, but one-time donations at special events are also common, then the company double the amount

	donated.
<b>Field of SB activities (Sector):</b>	WASH
<b>Geographic Target:</b>	Mainly Africa and Asia

<b>Description of resources provided and activities performed:</b>	
<b>Key Material Resource Provided:</b>	Grants in form of Donations
<b>Key Immaterial Resource Provided:</b>	None
<b>Key Activity Performed by the Comp.:</b>	The principle is that any Atlas Copco employee can decide to start Water for All in his or her country. The first step is to form a local board, the second one to make sure that donations can be collected. Then the local Water for All organization investigates and selects the water project they want to support and then contributes their locally raised funds to it.
<b>Business Units Involved:</b>	The local Water for all
<b>Main Partners:</b>	NGOs and SEs
<b>Key Activity Performed by the Partners:</b>	Water for All funds projects but the work done in the field is carried out by partner organizations which have to be well-reputed, non-profit and non-political.
<b>Other Notes (if relevant):</b>	Water for All is the Atlas Copco Group's main community engagement project, initiated, run and supported by our employees on a voluntary basis.

<b>Performances Achieved:</b>	
<b>Social Benefit</b>	Through voluntary donations, boosted by the Atlas Copco Group, this non-profit organization has so far provided clean drinking water to more than 1.5 million people
<b>Economic Sustainability</b>	The program Water for All is funded by voluntary donations by the employees, usually in the form of monthly deductions from their salaries. These donations are then doubled by the company, meaning that three times the money will go towards helping people in need. Water for All has no administrative costs (these are absorbed by Atlas Copco).



## Social Venture Competition - Company Report: Orange

<b>General Information:</b>	
<b>Company Name:</b>	Orange
<b>Mission:</b>	to always be on hand to connect people to what is essential to them
<b>Type of Ownership:</b>	Publicly Listed
<b>Sector:</b>	Fixed Line Telecommunications
<b>Country:</b>	France
<b>Membership date to the UNGC:</b>	26/07/2000
<b>N° of Employees:</b>	161.000
<b>Global Compact Differentiation Level:</b>	Active

<b>Program Information:</b>	
<b>Website Section Analysed:</b>	Responsibility > Development > Supporting entrepreneurship
<b>Name of the Program Analysed:</b>	Orange African Social Venture Prize
<b>Sustainability Report (if analysed):</b>	Yes Sustainability Reports Ch.6 and dedicated Website to the Orange African Social Venture Prize
<b>Website link:</b>	<a href="http://www.orange.com/en/Responsibility/Development/Supporting-entrepreneurship">http://www.orange.com/en/Responsibility/Development/Supporting-entrepreneurship</a> - <a href="http://entrepreneurclub.orange.com/en/social-venture-2016/about.html">http://entrepreneurclub.orange.com/en/social-venture-2016/about.html</a>

<b>Company Objectives (if declared):</b>	<p>Objectives of Orange development program for Africa:</p> <ul style="list-style-type: none"> <li>➤ the development of its networks to maximize the number of people who are able to benefit from digital services;</li> <li>➤ innovation to meet the needs of populations through value-added services in essential fields such as healthcare, education, agriculture and banking services; and</li> <li>➤ <b>contributing to the local development of ICT markets and innovation ecosystems</b></li> </ul> <p>The orange social Venture prize is one of the initiatives to achieve the last objective</p>
<b>Objectives of the social business:</b>	The Orange Social Venture Prize rewards entrepreneurs developing products or services that use ICT in an innovative way to meet the needs of people in Africa or the Middle East in fields such as health, agriculture, education, energy, industry or trade.

<b>Social Problem / Need Addressed:</b>	Lack of financial Resources and Skills (Social Start-up)
<b>Target Customer:</b>	Social Entrepreneurs (start-up) operating in Africa or Middle Est
<b>Products and Services offered:</b>	Orange will offer a monetary grant and a professional and expert coaching program

<b>Field of SB activities (Sector):</b>	ICT solutions to social problems (the sector of application may vary such as health, agriculture, education, energy, industry or trade)
<b>Geographic Target:</b>	Africa and Middle Est

<b>Description of resources provided and activities performed:</b>	
<b>Key Material Resource Provided:</b>	Funds in form of Grant
<b>Key Immaterial Resource Provided:</b>	None
<b>Key Activity Performed by the Comp.:</b>	Funding Activities - Organize and manage the competition (selection, screening and coaching of the projects)
<b>Business Units Involved:</b>	The initiatives is part of the CSR policy – BU not specified
<b>Main Partners:</b>	VC4Africa and Experts from media and local institutions
<b>Key Activity Performed by the Partners:</b>	Orange will offer professional and expert coaching program to the finalist of the competition through the Venture Capital 4 Africa (VC4Africa)
<b>Other Notes (if relevant):</b>	

<b>Performances Achieved:</b>	
<b>Social Benefit</b>	Launch of promising social enterprises with high social impact in sector such as health, agriculture, education or energy
<b>Economic Sustainability</b>	The program is financed by Orange the funds are provided in forms of grant

## Employees Philanthropic Approach - Company Report: LVMH

<b>General Information:</b>	
<b>Company Name:</b>	LVMH
<b>Mission:</b>	“Our model, which is based on a long-term vision, values the heritage of our Houses and stimulates creativity and excellence. It is the driving force for the Group’s success and the guarantee of its future.”
<b>Type of Ownership:</b>	Publicly Listed
<b>Sector:</b>	Personal Goods
<b>Country:</b>	France
<b>Membership date to the UNGC:</b>	03/06/2003
<b>N° of Employees:</b>	56000
<b>Global Compact Differentiation Level:</b>	Advanced

<b>Program Information:</b>	
<b>Website Section Analysed:</b>	Group > LVMH Commitments > Social Responsibility
<b>Name of the Program Analysed:</b>	LVMH RISE: Results In Social Entrepreneurship
<b>Sustainability Report (if analysed):</b>	Yes – CSR Report 2015
<b>Website link:</b>	<a href="https://www.lvmh.com/group/lvmh-commitments/social-responsibility/lvmh-rise-results-in-social-entrepreneurship/">https://www.lvmh.com/group/lvmh-commitments/social-responsibility/lvmh-rise-results-in-social-entrepreneurship/</a>

<b>Company Objectives (if declared):</b>	LVMH supports social entrepreneurs who create economically-viable businesses that address social and environmental needs. LVMH offers the future leaders of the Group a chance to work alongside these social entrepreneurs to accelerate the development of their business, providing our employees with an additional tools to expand their skillsets
<b>Objectives of the social business:</b>	Supporting Social Entrepreneurs

<b>Social Problem / Need Addressed:</b>	Lack of Skills of Social Entrepreneurs
<b>Target Customer:</b>	Social Entrepreneurs that can provide tangible results in themes that are important to LVMH, such as the emancipation of women, access to education, and the environment.
<b>Products and Services offered:</b>	Support from these LVMH group employees extends over a period ranging from 6 to 9 months. By offering their expertise in the fields of finance, sales or marketing, participants give the social entrepreneurs access to a professional network and specific, high-level expertise.
<b>Field of SB activities (Sector):</b>	Vary
<b>Geographic Target:</b>	Developed and Developing Countries

<b>Description of resources provided and activities performed:</b>	
<b>Key Material Resource Provided:</b>	None
<b>Key Immaterial Resource Provided:</b>	Expertise in the fields of finance, sales or marketing and facilitate access to professional network and specific, high-level expertise
<b>Key Activity Performed by the Comp.:</b>	Management of pro bono work / Pro bono work of employees
<b>Business Units Involved:</b>	Social Responsibility
<b>Main Partners:</b>	Social Entrepreneurs around the world
<b>Key Activity Performed by the Partners:</b>	Management of the social enterprise
<b>Other Notes (if relevant):</b>	

<b>Performances Achieved:</b>	
<b>Social Benefit</b>	Support social entrepreneurs in developing business with tangible results in emancipation of women, access to education, and the environment.
<b>Economic Sustainability</b>	The program is financed by LVMH

## Financial Investment Model - Company Report: Alstom

<b>General Information:</b>	
<b>Company Name:</b>	Alstom
<b>Mission:</b>	As a promoter of sustainable mobility, Alstom develops and markets systems, equipment and services for the railway sector. Alstom manages the widest range of solutions in the market – from high-speed trains to metros and tramways – customized services (maintenance, modernization,...) and infrastructure and signaling solutions. Alstom is a world leader in integrated railway systems.
<b>Type of Ownership:</b>	Private Company
<b>Sector:</b>	General Industrial
<b>Country:</b>	France
<b>Membership date to the UNGC:</b>	18/03/2008
<b>N° of Employees:</b>	92700
<b>Global Compact Differentiation Level:</b>	Active

<b>Program Information:</b>	
<b>Website Section Analysed:</b>	Foundation > Projects Tanzania
<b>Name of the Program Analysed:</b>	Electricity for 18 schools in Iringa Prvince
<b>Sustainability Report (if analysed):</b>	Report: The Alstom Foundation for Local Communities
<b>Website link:</b>	<a href="http://www.alstom.com/foundation/project-search-a-to-z/tanzania-electricity-for-18-schools-in-iringa/">http://www.alstom.com/foundation/project-search-a-to-z/tanzania-electricity-for-18-schools-in-iringa/</a>

<b>Company Objectives (if declared):</b>	Alstom wants to make a positive impact on communities that are local to where it has a presence, improving the living standards of local people through pragmatic dialogue and by encouraging employee awareness and employee involvement in various volunteer activities. Formal and informal mechanisms have been developed at different levels to coordinate these volunteering activities.
--	--

<b>Social Problem / Need Addressed:</b>	Lack of Financial Resources (MdOs) -- 82% of Tanzania's population still does not have access to electricity.
<b>Objectives of the social business:</b>	The Foundation teams up again with EGG Energy to electrify 18 schools in Iringa Province, starting from October 2014. Through this project, The Foundation strengthens Alstom's commitments to contribute to education and renewable energy in the emerging countries.
<b>Target Customer:</b>	EGG Energy social start-up that provide electrification services to 18 schools in Iringa Province
<b>Products and Services offered:</b>	This project not only aims to improve the access to

	sustainable solar energy at local level, but it is also designed to empower 18 local schools with advanced facilities and services as needed to ensure the quality of education. It will also strengthen the local community by providing them new services such as charging station for mobile phones and batteries, and providing venue and electricity for local community gathering activities at night.
<b>Field of SB activities (Sector):</b>	Access to Energy and Education
<b>Geographic Target:</b>	Tanzania

<b>Description of resources provided and activities performed:</b>	
<b>Key Material Resource Provided:</b>	Funds in form of seed fund
<b>Key Immaterial Resource Provided:</b>	None
<b>Key Activity Performed by the Comp.:</b>	Funding Activities: The Alstom promoter identifies and defines the project with partners and stakeholders. The Alstom employee sponsor, checks the relevance of the project, the suitability of the partners and the coherence with Alstom guidelines. Project must be submitted by the promoter and the sponsor. Then review and selection by the Foundation Board, contract signature with the project partners and implementation.
<b>Business Units Involved:</b>	The Alstom Foundation
<b>Main Partners:</b>	The Foundation teams up again with EGG Energy to electrify 18 schools in Iringa Province, starting from October 2014. Through this project, The Foundation strengthens Alstom's commitments to contribute to education and renewable energy in the emerging countries
<b>Key Activity Performed by the Partners:</b>	Provision of Energy System installation and Training. Egg-energy is a start-up dedicated to deliver power to low-income African households. The energy is clean and affordable using a unique strategy based on portable rechargeable batteries.
<b>Other Notes (if relevant):</b>	The Foundation apply traditional grant based funding to all almost projects, with the exception of this one in which apply an investment model as a an extension of a pilot project that Alstom Foundation launched in 2012 with EGG Energy in 2 schools and 1 orphanage.

<b>Performances Achieved:</b>	
<b>Social Benefit</b>	Access to Energy and other facilities to 18 schools with 200-500 pupils/school as beneficiaries
<b>Economic Sustainability</b>	<b>Macro Level:</b> The costs of the foundation are covered by Alstom <b>Micro level:</b> It is important to note that the funding provided by Alstom Foundation is a seed fund. All 18 schools are expected to pay back the installation cost, using income they generate from services they

	provide to their community, within 2 years through a remote controlled "Pay-as-you-go" system. After 2 years, the repaid fund will be used to build solar panel system for 18 more schools in Tanzania.
--	---

## Corporate Investment Model - Company Report: Pearson plc.

<b>General Information:</b>	
<b>Company Name:</b>	Pearson plc.
<b>Mission:</b>	to help people make more of their lives through learning
<b>Type of Ownership:</b>	Publicly Listed
<b>Sector:</b>	Media (Education)
<b>Country:</b>	United Kingdom
<b>Membership date to the UNGC:</b>	26/07/2000
<b>N° of Employees:</b>	42.115
<b>Global Compact Differentiation Level:</b>	Active

<b>Program Information:</b>	
<b>Website Section Analysed:</b>	Social Impact > Social Innovation
<b>Name of the Program Analysed:</b>	Pearson Affordable Learning Fund
<b>Company Reports (if analysed):</b>	Report of Latin America Education Summit 2015 ; Report of Edupreneurs Southern Africa 2014
<b>Website link:</b>	<a href="https://www.pearson.com/social-impact/social-innovation.html">https://www.pearson.com/social-impact/social-innovation.html</a>

<b>Company Objectives (if declared):</b>	<ul style="list-style-type: none"> <li>➤ PALF reinforces Pearson’s commitment to tackling the educational needs of the world’s poorest regions, to experiment with new approaches to low cost learning, and to demonstrate how a for-profit approach can scale and solve education in developing countries.</li> <li>➤ In addition we want to demonstrate to governments and donors that private education can help to educate their youngest citizens in an efficient way. - “we have learned a great deal about the challenges facing affordable private school chains and some of the successful strategies employed to overcome them”</li> </ul>
<b>Objectives of the social business:</b>	Help millions of children in the world access a quality education in a cost effective, profitable and scalable manner.

<b>Social Problem / Need Addressed:</b>	Lack of financial Resources and Skills of Local Entrepreneurs - Access to Low-Cost High-Quality Education
<b>Target Customer:</b>	PALF makes equity investments in for-profit (but also social) companies to meet the demand for affordable education across the developing world.
<b>Products and Services offered:</b>	In addition to equity investments Pearson brings its expertise in education, management and business models to enable and accelerate the success of portfolio companies.
<b>Field of SB activities (Sector):</b>	Education



<b>Geographic Target:</b>	India, Africa and Latin America
---------------------------	---------------------------------

<b>Description of resources provided and activities performed:</b>	
<b>Key Material Resource Provided:</b>	Funds in form of equity
<b>Key Immaterial Resource Provided:</b>	Expertise in education, management and business models
<b>Key Activity Performed by the Comp.:</b>	Organization of events (summit) to identify high potential start-up, in addition they collaborate with partners in screening, selection and funding process.
<b>Business Units Involved:</b>	PALF as independent Business Unit founded in 2012 with \$15 million of initial Pearson capital
<b>Main Partners:</b>	VilCap, the Center for Education Innovations, and Omidyar Network
<b>Key Activity Performed by the Partners:</b>	<p>Each of our partners VilCap, the Center for Education Innovations, and Omidyar Network provided immense support and resources that were instrumental in delivering a robust program in a market we had never been before.</p> <ul style="list-style-type: none"> <li>● Vilcap provided proprietary content and curriculum, facilitation and the peer review process.</li> <li>● CEI offered workshop space, shared education and entrepreneurship network, mentorship support, etc.</li> <li>● Omidyar Network provided a significant financial contribution, enabling the inclusion of an international cohort, in addition to offering market experience and mentorship support.</li> </ul>
<b>Other Notes (if relevant):</b>	<p>Having a cohort that spanned across multiple nations enabled us to expand into two new markets. It also shared learnings between markets, broadened pipeline development and attracted interest from other investors struggling to discover opportunities in some regions.</p> <p>There were fewer competition concerns, as similar ventures had separate “home base” markets</p>

<b>Performances Achieved:</b>	
<b>Social Benefit</b>	Since 2012, PALF has invested in and manages ten companies, serving over 125,000 children in South Africa, Ghana, Kenya, Tanzania, Nigeria, India and the Philippines.
<b>Economic Sustainability</b>	Pearson provides patient capital and look to generate competitive market returns over a 7-10 year horizon.

## Partnership - Company Report: Holcim Ltd

<b>General Information:</b>	
<b>Company Name:</b>	Holcim Ltd
<b>Mission:</b>	is to be the world's most respected and attractive company in our industry - creating value for all our stakeholders
<b>Type of Ownership:</b>	Publicly Listed
<b>Sector:</b>	Construction and Materials
<b>Country:</b>	Switzerland
<b>Membership date to the UNGC:</b>	06/03/2003
<b>N° of Employees:</b>	50000
<b>Global Compact Differentiation Level:</b>	Active

<b>Program Information:</b>	
<b>Website Section Analysed:</b>	Sustainable development / Social
<b>Name of the Program Analysed:</b>	Inclusive business solutions
<b>Sustainability Report (if analysed):</b>	Shelter for Livelihood (S4L) - Low-income housing project in Argentina
<b>Website link:</b>	<a href="http://www.holcim.com/sustainable/social/inclusive-business-solutions.html">http://www.holcim.com/sustainable/social/inclusive-business-solutions.html</a>

<b>Company Objectives (if declared):</b>	The premise behind inclusive business (also referred to as Creating Shared Value) is that the competitiveness of a company and the well-being of its community are interdependent. Companies should therefore develop market-based solutions using core assets and competencies to capitalize on pressing social issues, driving both profit and social benefits.
<b>Objectives of the social business:</b>	The goal is to contribute to reducing the housing deficit through a participatory, sustainable housing initiative. Holcim's Shelter for Livelihood (S4L) low-income housing project in Argentina is a sustainable housing project which aims to address the housing deficit through a participatory, environmentally and culturally acceptable approach.

<b>Social Problem / Need Addressed:</b>	Lack of appropriate housing solutions
<b>Target Customer:</b>	Low-income customers
<b>Products and Services offered:</b>	Selling building materials to people in need of a new house, or even just repairs or upgrades, with financing help from microcredit institutions and an accompanying social strategy to secure income generation.
<b>Field of SB activities (Sector):</b>	Housing
<b>Geographic Target:</b>	Holcim is currently working on four pilot projects targeting base of the pyramid (low-income) populations, mainly in Asia and Latin America.

<b>Description of resources provided and activities performed:</b>	
<b>Key Material Resource Provided:</b>	Products and technology
<b>Key Immaterial Resource Provided:</b>	Expertise and Skills
<b>Key Activity Performed by the Comp.:</b>	This project is led by Holcim, but relies on the help of local stakeholders and international organizations
<b>Business Units Involved:</b>	CSR
<b>Main Partners:</b>	Multi-stakeholder (Partners were also engaged from the start, and include local government, community associations, NGOs and international micro-credit financing institutions.)
<b>Key Activity Performed by the Partners:</b>	Collaborative partnerships with key stakeholders, such as local and national governments, microfinance entities, local associations and the local community. The plan is to build 150 houses for as many families, providing about 750 people with both a house and a sustainable habitat where all inhabitants are expected to participate in all phases of the project, from design to production and construction of houses and barrio.
<b>Other Notes (if relevant):</b>	For many years now Holcim has been developing housing solutions for low-income, or base of the pyramid, people who cannot afford adequate housing. Initiatives include the “Mi Casa” project in Mexico, “Construyendo Juntos” in Costa Rica and “Solusi Rumah” in Indonesia. For this reason we launched a low-income housing pilot project in Argentina called “Shelter for Livelihood” (S4L), which aims to provide innovative and sustainable solutions to the lowest income segments of population by integrating technical, financial, capacity building and Low-income housing community development components.

<b>Performances Achieved:</b>	
<b>Social Benefit</b>	For lower income communities, S4L is about gaining access to housing solutions that are environmentally friendly, financially accessible, and which are culturally acceptable and contribute to the creation of self-sustaining business. To help enable the creation of livelihoods, S4L will also conduct further capacity-building and training activities with project participants on micro credit financing, income generation, production of biodiversity-based products, sustainable construction and occupational safety, in an effort to make the initiative sustainable.
<b>Economic Sustainability</b>	Although these projects currently do not provide a significant financial return, Holcim recognizes that addressing the significant need for low-income housing has the potential to trigger large-scale societal change while providing tangible business benefits.

## Internal Development - Company Report: Tetra Pak Group

<b>General Information:</b>	
<b>Company Name:</b>	Tetra Pak Group
<b>Mission:</b>	We commit to making food safe and available, everywhere. We work for and with our customers to provide preferred processing and packaging solutions for food.
<b>Type of Ownership:</b>	Private Company
<b>Sector:</b>	Beverages
<b>Country:</b>	Sweden
<b>Membership date to the UNGC:</b>	27/04/2004
<b>N° of Employees:</b>	23000
<b>Global Compact Differentiation Level:</b>	Active

<b>Program Information:</b>	
<b>Website Section Analysed:</b>	Sustainability > Availability
<b>Name of the Program Analysed:</b>	Dairy Hubs
<b>Sustainability Report (if analysed):</b>	Sustainability Update 2016
<b>Website link:</b>	<a href="http://www.tetrapak.com/sustainability/food-availability/dairy-hubs">http://www.tetrapak.com/sustainability/food-availability/dairy-hubs</a>

<b>Company Objectives (if declared):</b>	The Dairy Hub concept goes to the heart of food safety and dairy development, by helping strengthen the dairy value chain in developing countries. Nearly 1 billion people live on dairy farms, smallholdings or in landless households keeping one or a few animals. The milk and dairy industry therefore holds huge potential to create jobs and increase incomes for farmers, dairy processors, distributors, shopkeepers and other stakeholders.
<b>Objectives of the social business:</b>	The goal of Dairy Hubs is to help our customers in developing countries access better-quality, locally produced milk. At the same time, it helps smallholder farmers become profitable dairy producers, raising income and improving nutrition in areas that need it most

<b>Social Problem / Need Addressed:</b>	Many developing countries have a long tradition of milk production. However, only a small portion of milk produced locally is collected, processed and packaged due to lack of infrastructure, cooling and processing capabilities. A lot of the milk is lost in the early parts of the supply chain.
<b>Target Customer:</b>	smallholder farmers
<b>Products and Services offered:</b>	The concept is based on linking farmers in a specific area – covering a certain number of villages, smallholder farmers and cows – to a dedicated dairy processor. The processor sets up milk collection stations with cooling

	tanks where farmers deliver milk twice a day. Farmers benefit from the transfer of knowledge and expertise – which leads to healthier animals and increased productivity and profit – access to proper infrastructure and guaranteed twice-daily milk collections all year round. Processors are able to tap into a reliable supply of locally produced, high-quality milk and gain better control over the supply chain. And at the same time, public access to safe and affordable milk is increased.
<b>Field of SB activities (Sector):</b>	Agro-food
<b>Geographic Target:</b>	Bangladesh and Nicaragua

<b>Description of resources provided and activities performed:</b>	
<b>Key Material Resource Provided:</b>	Products and services offered by our sister company DeLaval that cover every step in the milk production process
<b>Key Immaterial Resource Provided:</b>	knowledge in food processing, packaging and distribution
<b>Key Activity Performed by the Comp.:</b>	Design and development of the SB
<b>Business Units Involved:</b>	Tetra Laval Food for Development
<b>Main Partners:</b>	None
<b>Key Activity Performed by the Partners:</b>	Customer of Tetrapack made a commitment to buy all the milk produced by farmers in the Hubs, and to collect it twice a day.
<b>Other Notes (if relevant):</b>	Drawing on our world-leading knowledge in food processing, packaging and distribution, combined with the products and services offered by our sister company DeLaval that cover every step in the milk production process, we have the knowledge and expertise to support development of the entire dairy value chain – from cow to consumer.

<b>Performances Achieved:</b>	
<b>Social Benefit</b>	The 20 farms in the San Felipe cooperative that were selected for the first phase of the project are now model farms, illustrating how milk production can be increased and the quality of milk improved with practical training and advice on feeding, hygiene, animal health and farm management. Between December 2012 and December 2013, average milk yield per cow increased by 15.8% and milk yield per farm increased 18.3%. Thanks to new feeding methods, calves are gaining more weight, which attracts a premium from beef producers, and a complete vaccination programme has been implemented in more than 1,300 animals.
<b>Economic Sustainability</b>	Every project we set up has to be sustainable

### Annex 3: Companies Characteristics by Cluster

#### N° of Companies, Average Size and Average Age of Membership to the UNGC by Cluster

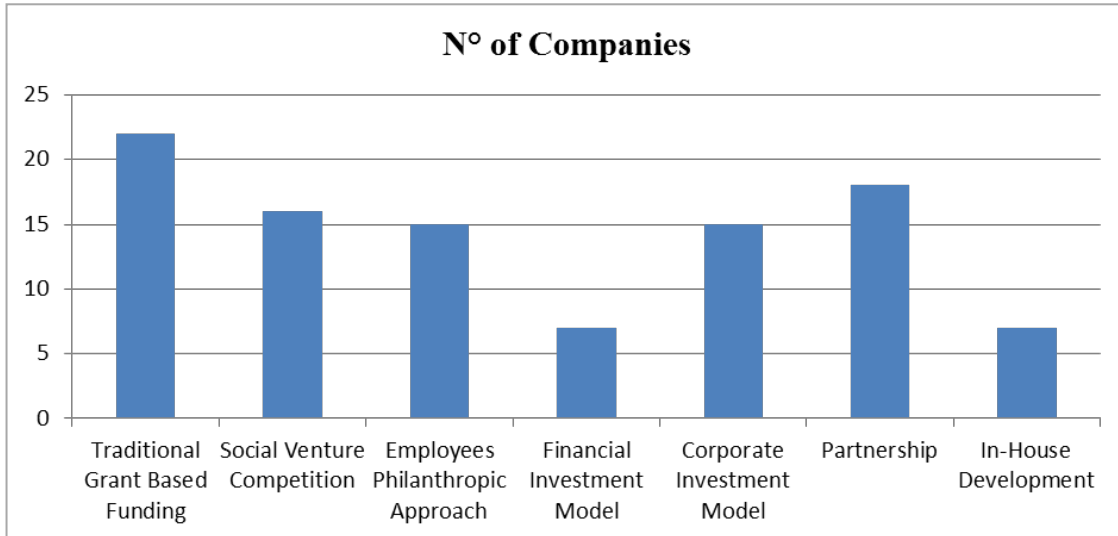


Figure 42 N° of companies by cluster

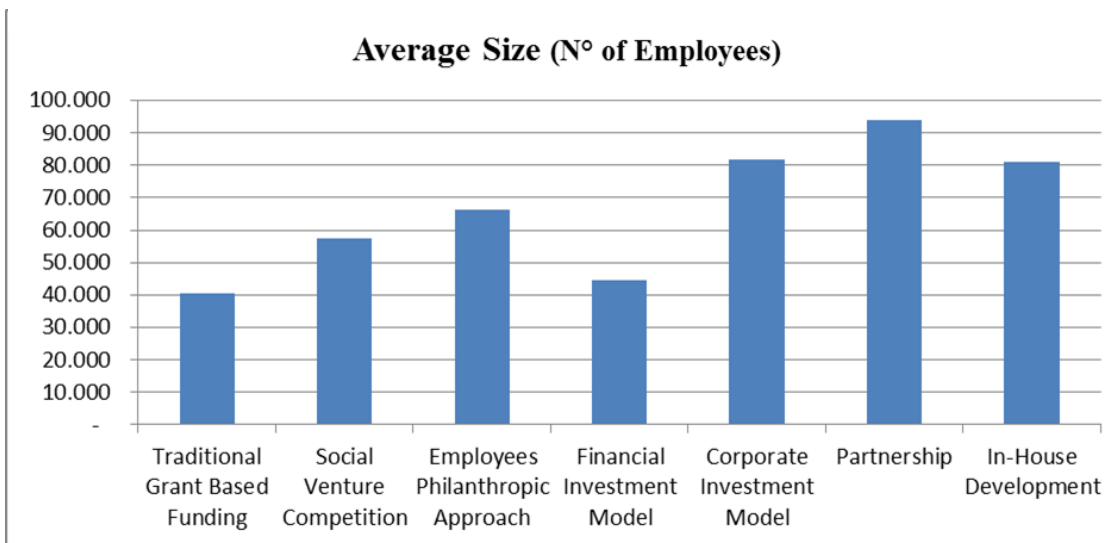


Figure 43 N° of Employees by cluster

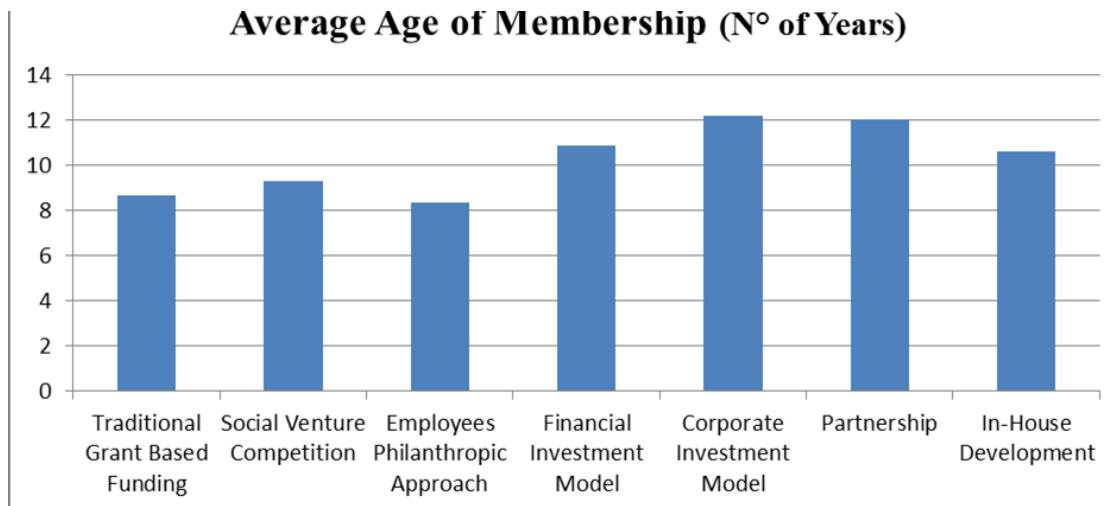


Figure 44 Age of Membership to the UNGC by Cluster

## Traditional Grant Based Funding

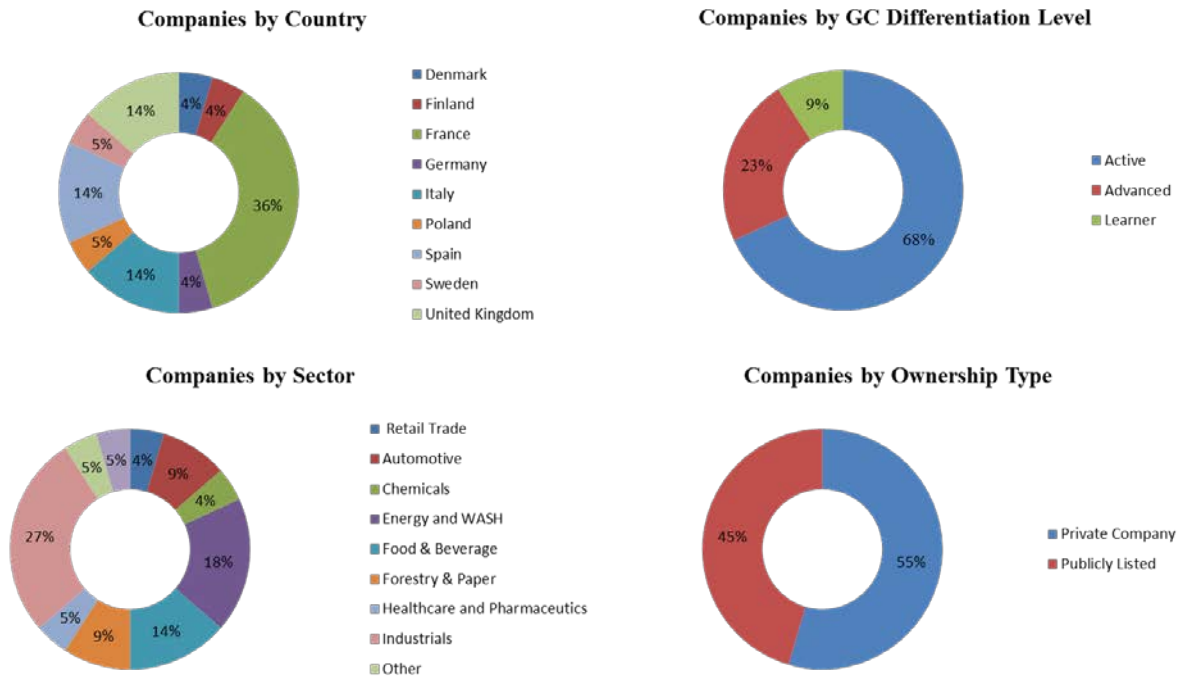


Figure 45 Companies Characteristics - Traditional Grant Based Funding

## Social Venture Competition

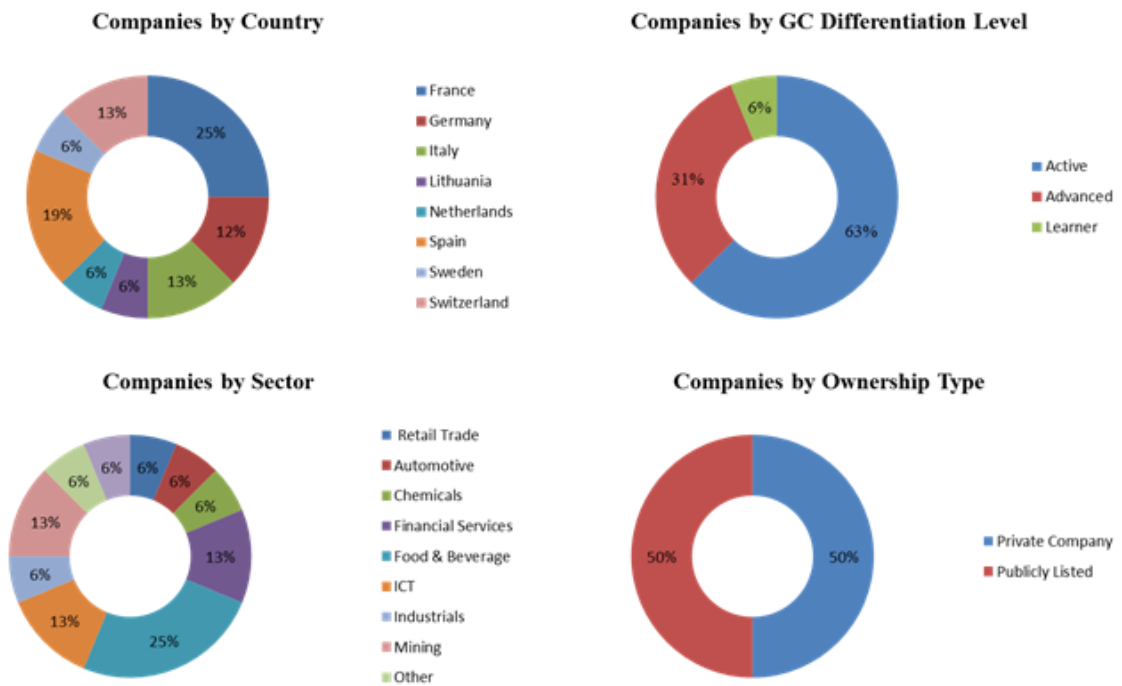


Figure 46 Companies Characteristics - Social Venture Competition

## Employees Philanthropic Approach

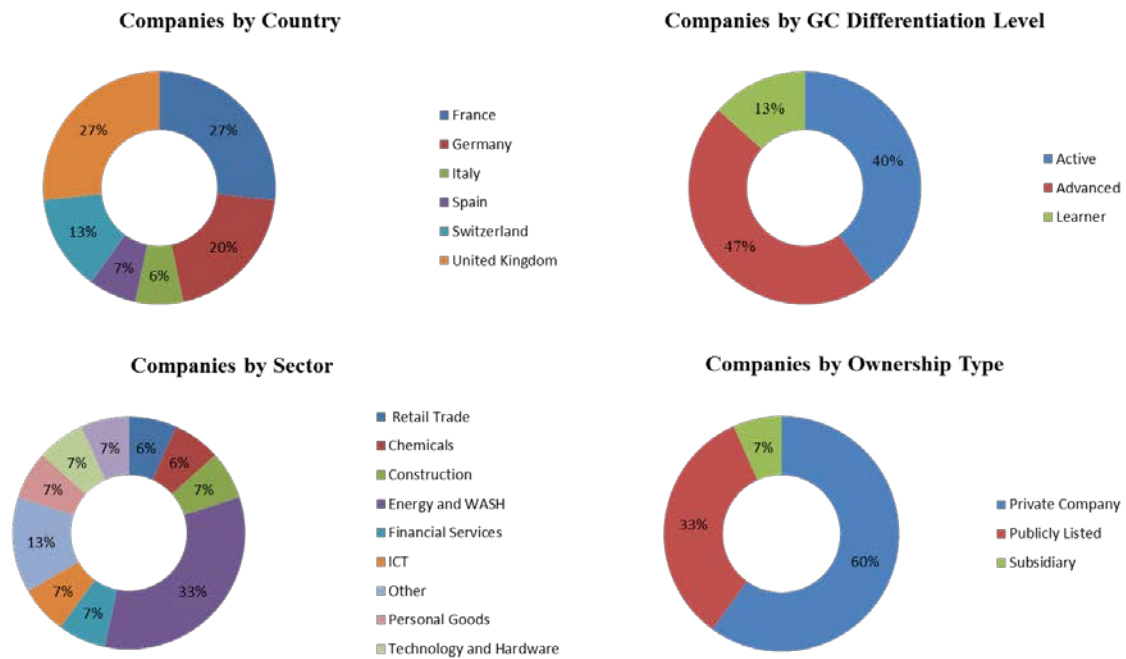


Figure 47 Companies Characteristics - Employees Philanthropic Approach

## Financial Investment Model

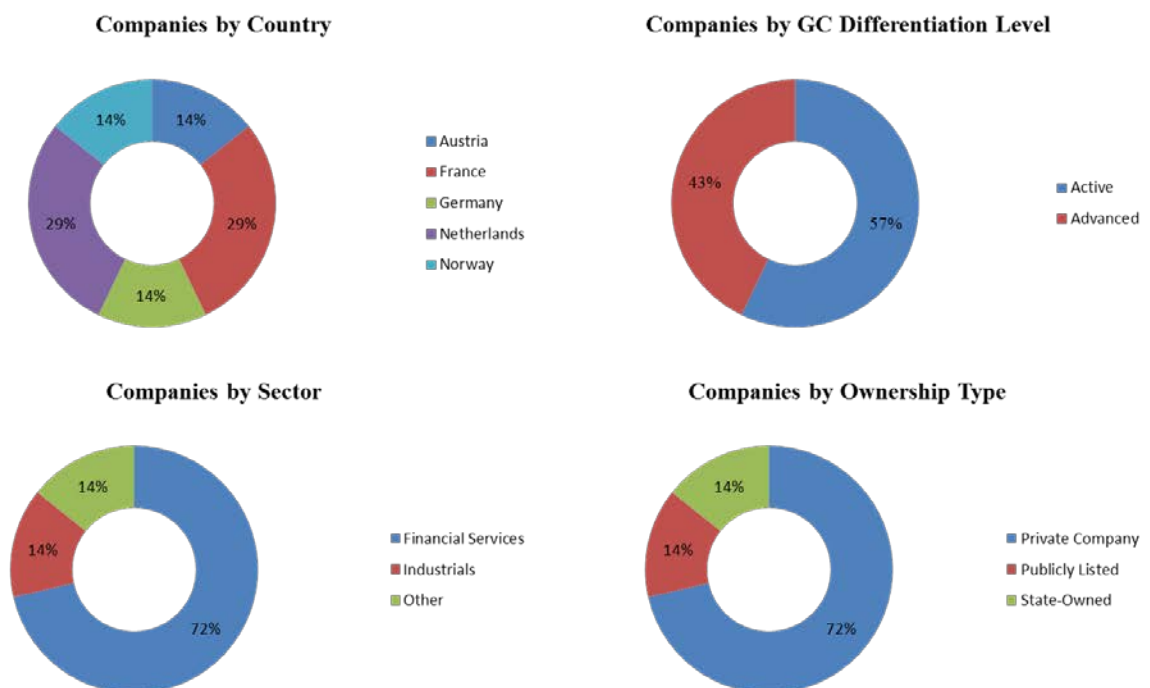


Figure 48 Companies Characteristics - Financial Investment Model



# Corporate Investment Model

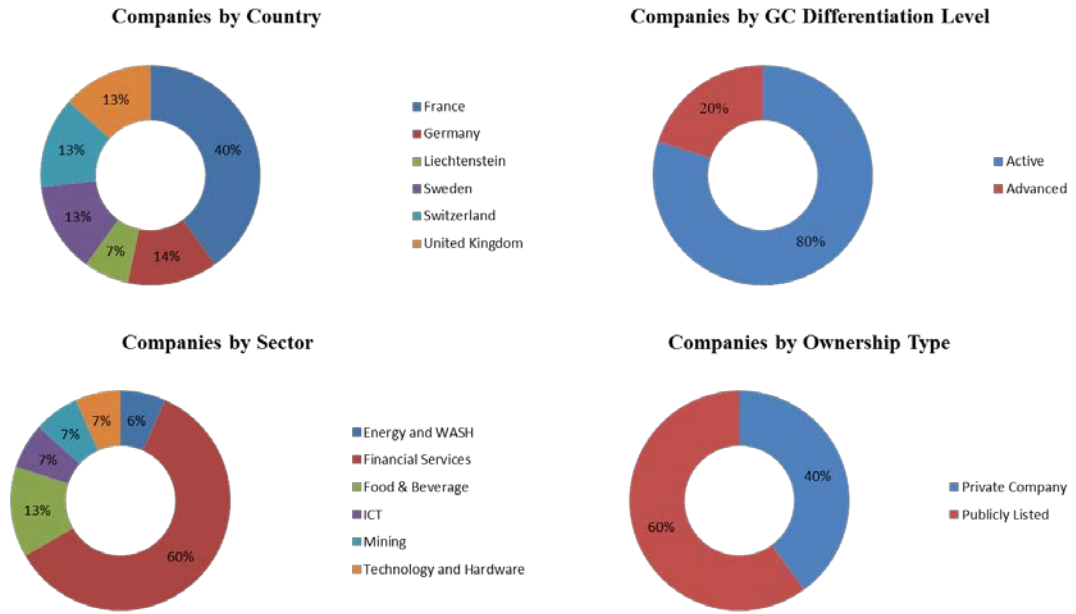


Figure 49 Companies Characteristics - Corporate Investment Model

# Partnership

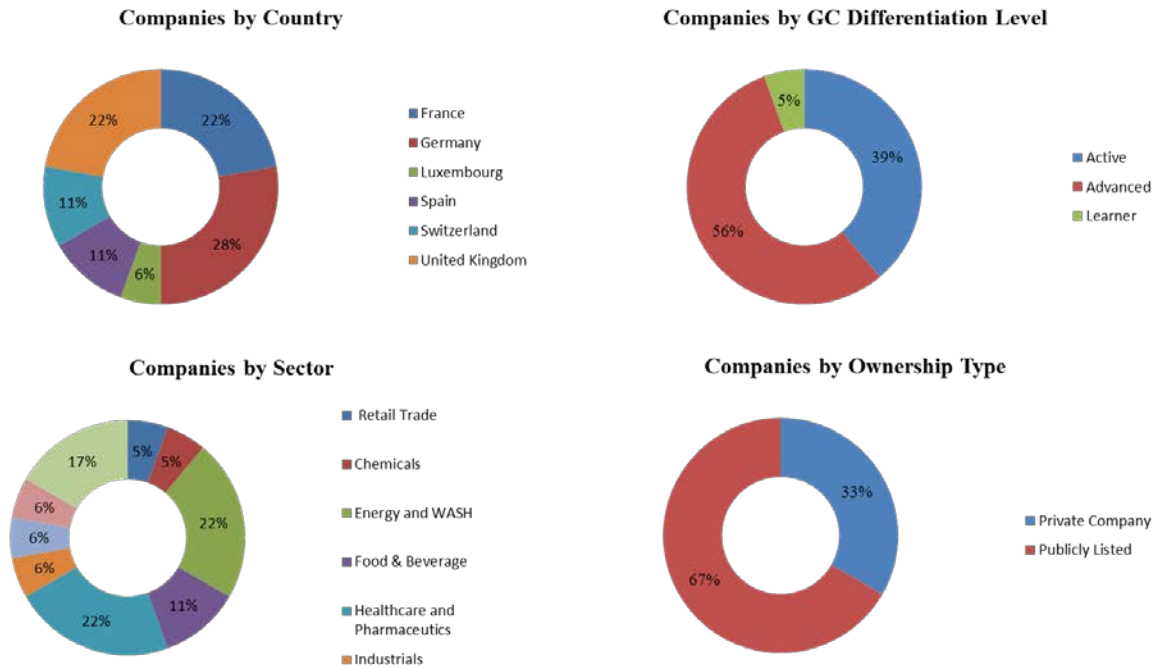


Figure 50 Companies Characteristics - Partnership

# In House Development

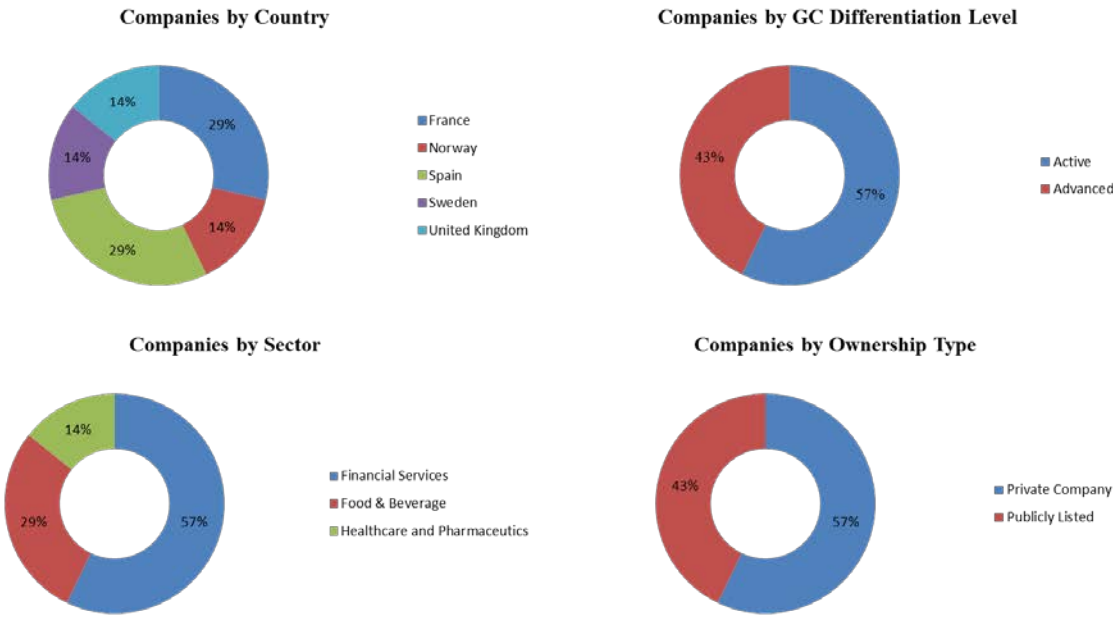


Figure 51 Companies Characteristics - In House Development

## References:

- ABB. (2015). Access to electricity. <http://new.abb.com/sustainability/society/stakeholder-engagement/access-to-electricity>. Accessed 22 October 2015
- ABN AMRO Bank N.V. (2015). Social Impact Fund finances a better world. <https://www.abnamro.com/en/sustainable-banking/finance-and-investment/social-impact-fund/index.html>. Accessed 23 October 2015
- Aguinis, H., & Glavas, A. (2012). What We Know and Don't Know About Corporate Social Responsibility: A Review and Research Agenda. *Journal of Management*, 38(4), 932–968. doi:10.1177/0149206311436079
- Albareda, L., Lozano, J. M., & Ysa, T. (2007). Public Policies on Corporate Social Responsibility: The Role of Governments in Europe. *Journal of Business Ethics*, 43(74), 391–407. doi:10.1007/s11077-009-9084-4
- Alstom. (2015). Tanzania: Electricity for 18 schools in Iringa. <http://www.alstom.com/foundation/project-search-a-to-z/tanzania-electricity-for-18-schools-in-iringa/>. Accessed 7 October 2015
- Alter, K. (2007). Social Enterprise Typology. *Virtue Ventures LLC*, 1–31. doi:10.1007/s11115-013-0234-y
- Anderson, J., & Billou, N. (2007). Serving the world's poor: innovation at the base of the economic pyramid. *Journal of Business Strategy*, 28(2), 14–21. doi:10.1108/02756660710732611
- Arnold, D. G., & Valentin, A. (2013). Corporate social responsibility at the base of the pyramid. *Journal of Business Research*, 66(10), 1904–1914. doi:10.1016/j.jbusres.2013.02.012
- Atlas Copco. (2016). *Where there is a will there is a way. Water for All*. <http://www.atlascopcogroup.com/en/about-us/water-for-all>
- Austin, J. (2000). Strategic Collaboration Between Nonprofits and Businesses. *Nonprofit and Voluntary Sector Quarterly*, 29(1), 69–97. doi:10.1177/089976400773746346
- Austin, J., & Reficco, E. (2006). Corporate Social Entrepreneurship. *Human Resource Management*, 45(3), 8. doi:10.1561/03000000015
- Austin, J., & Reficco, E. (2009). Corporate Social Entrepreneurship. *Working Papers Harvard Business School Division of Research*.
- Austin, J., & Seitanidi, M. M. (2012). Collaborative Value Creation: A Review of Partnering between Nonprofits and Businesses: Part 2. Value Creation Spectrum and Collaboration Stages. *Nonprofit and Voluntary Sector Quarterly*, 41(5), 759–798. doi:10.1177/0899764012450777
- Banerjee, S. B., Lyer, E. S., & Kashyap, R. K. (2003). Corporate environmentalism: Antecedents and influence of industry type. *American Marketing Association*, 67(2), 106–122. doi:10.1509/jmkg.67.2.106.18604

- BBVA, S. A. (2015). Social Performance Report - BBVA Microfinance Foundation - Our priority: To Serve Disadvantaged Communities. <http://www.fundacionmicrofinanzasbbva.org/informe-2015/en/mide/intro>. Accessed 14 October 2015
- Blombäck, A., & Wigren, C. (2009). Challenging the importance of size as determinant for CSR activities. *Management of Environmental Quality: An International Journal*, 20(3), 255–270. doi:10.1108/14777830910950658
- Boons, F., & Lüdeke-Freund, F. (2013). Business models for sustainable innovation: State-of-the-art and steps towards a research agenda. *Journal of Cleaner Production*, 45, 9–19. doi:10.1016/j.jclepro.2012.07.007
- Bowen, H. R. (1953). *Social responsibilities of the businessman. Social Responsibilities of the Businessman*. <http://www.scopus.com/inward/record.url?eid=2-s2.0-84945349131&partnerID=tZOtx3y1>
- Brammer, S., Jackson, G., & Matten, D. (2012). Corporate social responsibility and institutional theory: New perspectives on private governance. *Socio-Economic Review*, 10(1), 3–28. doi:10.1093/ser/mwr030
- Brønn, P. S., & Vidaver-Cohen, D. (2009). Corporate motives for social initiative: Legitimacy, sustainability, or the bottom line? In *Journal of Business Ethics* (Vol. 87, pp. 91–109). doi:10.1007/s10551-008-9795-z
- Brugmann, J., & Prahalad, C. . (2007). Cocreating Business ' s New Social Compact. *Harvard Business Review*, 85(2), 80+. <http://harvardbusinessonline.hbsp.harvard.edu/hbrsa/en/issue/0702DPrint.jhtml>
- Burke, L., & Logsdon, J. M. (1996). How Corporate Social Responsibility Pays Off. *Long Range Planning*, 29(4), 495–502. doi:10.1016/0024-6301(96)00041-6
- Cai, Y., Jo, H., & Pan, C. (2012). Doing Well While Doing Bad? CSR in Controversial Industry Sectors. *Journal of Business Ethics*, 108(4), 467–480. doi:10.1007/s10551-011-1103-7
- Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *Academy of Management Review*. doi:10.2307/20159343
- Carrol, A. (1999). Corporate social responsibility. *Business and Society*, 38(3), 268–295. doi:10.1007/978-3-642-25399-7
- Carroll, A. (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 34, 39–48. doi:10.1177/0312896211432941
- Carroll, A. (2008). A History of Corporate Social Responsibility: Concepts and Practices. In *The Oxford Handbook of Corporate Social Responsibility* (pp. 19–46). doi:10.1093/oxfordhb/9780199211593.003.0002
- Carroll, A., & Shabana, K. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews*, 12, 85–105. doi:10.1111/j.1468-2370.2009.00275.x

- Casadesus-Masanell, R., & Ricart, J. E. (2010). From strategy to business models and onto tactics. *Long Range Planning*, 43(2–3), 195–215. doi:10.1016/j.lrp.2010.01.004
- Chesbrough, H., & Rosenbloom, R. S. (2002). The role of the business model in capturing value from innovation: evidence from Xerox Corporation's technology spin-off companies. *Industrial and Corporate Change*, 11(3), 529–555. doi:10.1093/icc/11.3.529
- Child, J., Faulkner, D., & Tallman, S. (2005). *Cooperative Strategy. Cooperative strategy: managing alliances, networks, and joint ventures*. doi:10.1093/acprof:oso/9780199266241.001.0001
- Dacin, T. M., Oliver, C., & Roy, J. P. (2007). The legitimacy of strategic alliances: An institutional perspective. *Strategic Management Journal*, 28(2), 169–187. doi:10.1002/smj.577
- Dahan, N. M., Doh, J. P., Oetzel, J., & Yaziji, M. (2010). Corporate-NGO collaboration: Co-creating new business models for developing markets. *Long Range Planning*, 43(2–3), 326–342. doi:10.1016/j.lrp.2009.11.003
- Dahlsrud, A. (2008). How corporate social responsibility is defined: An analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*, 15(1), 1–13. doi:10.1002/csr.132
- Dam, L., & Scholtens, B. (2012). Does Ownership Type Matter for Corporate Social Responsibility? *Corporate Governance*, 20(3), 233–252. doi:10.1111/j.1467-8683.2011.00907.x
- Danone. (2015). Danone Communities Fund. <http://www.danonecommunities.com/en/content/danonecommunities-how-does-it-work-0>. Accessed 7 October 2015
- Davis, K. (1973). Assumption Responsibilities '. *The Academy of Management Journal*, 16(2), 312–322. doi:10.2307/255331
- Dees, J. G. (1998a). Enterprising nonprofits. *Harvard business review*, 76(1), 54–67.
- Dees, J. G. (1998b). The meaning of social entrepreneurship. *Innovation*, 2006(11-4-06), 1–6. doi:10.2307/2261721
- Defourny, J., & Nyssens, M. (2008). Social enterprise in Europe: recent trends and developments. *Social Enterprise Journal*, 4(3), 202–228. doi:10.1108/17508610810922703
- Defourny, J., & Nyssens, M. (2010). Social enterprise in Europe: At the crossroads of market, public policies and third sector. *Policy and Society*, 29(3), 231–242. doi:10.1016/j.polsoc.2010.07.002
- Deutsche Bank AG. (2015). Microfinance. <https://www.db.com/us/content/en/1077.html>. Accessed 3 October 2015
- DZ BANK AG. (2015). Sustainability Report - Microfinance Fund. [https://www.sustainability.dzbank.com/content/sustainability/en/home/core\\_topics/corporate\\_citizenship/microfinanzfund.html](https://www.sustainability.dzbank.com/content/sustainability/en/home/core_topics/corporate_citizenship/microfinanzfund.html). Accessed 15 November 2015
- ENGIE. (2015). Sustainable energy for all - Rassembleurs d'Energies initiative.

<http://www.engie.com/en/commitments/providing-sustainable-energy-access-for-all/>. Accessed 6 October 2015

Ernst and Young. (2015). Specialty Services: EY - Enterprise Growth Services. *Enterprise Growth Services 2015 Year Book*. <http://www.ey.com/gl/en/services/specialty-services/ey-enterprise-growth-services>. Accessed 17 October 2015

Essilor International. (2015). Improving access to vision care through inclusive business models. <https://www.essilorseexchange.com/website/improving-access-vision-care-inclusive-business-models>. Accessed 9 October 2015

Gallo, P. J., & Christensen, L. J. (2011). Firm Size Matters: An Empirical Investigation of Organizational Size and Ownership on Sustainability-Related Behaviors. *Business & Society*, 50(2), 315–349. doi:10.1177/0007650311398784

Garriga, E., & Mele, D. (2004). Corporate social responsibility theories: Mapping the territory. In *Journal of Business Ethics* (Vol. 53, pp. 51–71). doi:10.1023/B:BUSI.0000039399.90587.34

Gas Natural Fenosa. (2015). Social commitment - Access to energy - Cuartel V. <http://www.gasnaturalfenosa.com/en/reputation+and+corporate+responsibility/commitments+and+indicators/commitment+to+society/initiatives+in+line+with+business/1297102095532/cuartel+v.html>. Accessed 16 October 2015

Gates, B. (2008). How to Fix Capitalism. (Cover story). *Time International (Atlantic Edition)*, 172(6), 24–29. <http://search.ebscohost.com/login.aspx?direct=true&db=a9h&AN=33538299&site=ehost-live>

Graafland, J., & van de Ven, B. (2006). Strategic and Moral Motivation for Corporate Social Responsibility. *Journal of Corporate Citizenship*, 111–124. doi:10.9774/GLEAF.4700.2006.su.00012

Graf, N. F. S., & Rothlauf, F. (2012). Firm-NGO collaborations A resource-based perspective. *Zeitschrift für Betriebswirtschaft*, 82(6), 103–125. doi:10.1007/s11573-012-0628-2

Hahn, T., & Scheermesser, M. (2006). Approaches to corporate sustainability among German companies. *Corporate Social Responsibility and Environmental Management*. doi:10.1002/csr.100

Hammond, A. L., Kramer, W. J., Katz, R. S., Tran, J. T., & Walker, C. (2007a). The Next 4 Billion, Characterizing BoP Markets. *Innovations: Technology, Governance, Globalization*, 2(1–2), 147–158. doi:10.1162/itgg.2007.2.1-2.147

Hammond, A. L., Kramer, W. J., Katz, R. S., Tran, J., & Walker, C. (2007b). *The next 4 billion: market size and business strategy at the base of the pyramid*. World Resource Institute - International Finance Corporation. doi:ISBN 1-56973-625-1

Harris, M., & Albury, D. (2009). The Innovation Imperative: Why Radical Innovation is needed to reinvent public services for the recession and beyond. *The Lab Discussion Paper*, Nesta. doi:10.1080/J003v21n01\_28

Hemingway, C. A., & MacLagan, P. W. (2004). Managers' personal values as drivers of corporate social responsibility. *Journal of Business Ethics*, 50(1), 33–44. doi:10.1023/B:BUSI.0000020964.80208.c9

- Herrera, M. E. B. (2015). Creating competitive advantage by institutionalizing corporate social innovation. *Journal of Business Research*, 68(7), 1468–1474. doi:10.1016/j.jbusres.2015.01.036
- Holcim Ltd. (2015). Inclusive business solutions - Low income housing. <http://www.holcim.com/sustainable/social/inclusive-business-solutions.html>. Accessed 22 October 2015
- Hollander, M., Wolfe, D. A., & Chicken, E. (2014). *Nonparametric statistical methods. Nurse anesthesia* (Vol. 2). doi:10.1002/
- Husted, B. (2003). Governance Choices for Corporate Social Responsibility: to Contribute, Collaborate or Internalize? *Long Range Planning*, 36(5), 481–498. doi:10.1016/S0024-6301(03)00115-8
- Husted, B., Bruce, A., & Rivera, J. (2010). Governance Choice for Strategic Corporate Social Responsibility Evidence From Central America. *Business & Society*, 49(2), 201–215. doi:10.1177/0007650308315504
- International Energy Agency. (2016). World Energy Outlook 2016. *International Energy Agency*. doi:10.1787/weo-2014-en
- Jamali, D., & Mirshak, R. (2006). Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context. *Journal of Business Ethics*, 72(3), 243–262. doi:10.1007/s10551-006-9168-4
- Johnson, M. W., Christensen, C. M., & Kagermann, H. (2008). Reinventing your business model. *Harvard Business Review*, 86(12). doi:10.1111/j.0955-6419.2005.00347.x
- Kahle, H. N., & Ernst, H. (2012). The Firm Value of Social Innovations in Base of the Pyramid Markets – A Qualitative Approach. *ZSI Discussion Paper*, 21.
- Kakwani, N., & Silber, J. (2007). *The Many Dimension of Poverty*. London: Palgrave Macmillan.
- Karnani, A. (2007). The Mirage of Marketing to the Bottom of the Pyramid: How the Private Sector Can Help Alleviate Poverty. *California Management Review*, 49(4), 90–111. doi:10.2307/41166407
- Karnani, A. (2009). The Bottom of the Pyramid Strategy for Reducing Poverty : A Failed Promise. *Selling*, (80), 1–14. [http://unclef.com/esa/desa/papers/2009/wp80\\_2009.pdf](http://unclef.com/esa/desa/papers/2009/wp80_2009.pdf)
- Ketchen, D., & Shook, C. (1996). The application of cluster analysis in strategic management research: An analysis and critique. *Strategic Management Journal*, 17(6), 441–458. doi:10.1002/(SICI)1097-0266(199606)17:6<441::AID-SMJ819>3.0.CO;2-G
- Knudsen, J. S., Moon, J., & Slager, R. (2013). Government policies for corporate social responsibility in Europe: a comparative analysis of institutionalisation. *Policy & Politics*, 1–19. doi:10.1332/030557312X656016
- Kogut, B. (1988). Joint Ventures: Theoretical and Empirical Perspectives. *Strategic Management Journal*, 9(4), 319–332. doi:10.1002/smj.4250090403
- Kolk, A., Rivera-Santos, M., & Rufin, C. (2013). Reviewing a Decade of Research on the

“Base/Bottom of the Pyramid” (BOP) Concept. *Business & Society*, 20(10), 1–40. doi:10.1177/0007650312474928

Kolk, A., & van Tulder, R. (2006). Poverty alleviation as business strategy? Evaluating commitments of frontrunner Multinational Corporations. *World Development*, 34(5 SPEC. ISS.), 789–801. doi:10.1016/j.worlddev.2005.10.005

Kolk, A., van Tulder, R., & Kostwinder, E. (2008). Business and partnerships for development. *European Management Journal*, 26(4), 262–273. doi:10.1016/j.emj.2008.01.007

Kostova, T., Roth, K., & Dacin, M. T. (2008). Institutional theory in the study of multinational corporations: A critique and new directions. *Academy of Management Review*, 33(4), 994–1006. doi:10.2307/20159458

Laerdal Global Health. (2015). Laerdal Helping Save Lives. <http://www.laerdalglobalhealth.com/>. Accessed 16 November 2015

Landrum, N. (2014). Defining a base of the pyramid strategy. *International Journal of Business and Emerging Markets*, 6(4), 286. doi:10.1504/IJBEM.2014.065582

Leadbeater, C. (2007). Social enterprise and social innovation: Strategies for the next ten years. *Office*, (November), 17. [http://community-wealth.org/\\_pdfs/articles-publications/outside-us/paper-leadbeater.pdf](http://community-wealth.org/_pdfs/articles-publications/outside-us/paper-leadbeater.pdf)

Lee, M. D. P. (2008). A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead. *International Journal of Management Reviews*, 10(1), 53–73. doi:10.1111/j.1468-2370.2007.00226.x

Lenz, A., & Pinhanez, M. (2012). A business strategy contribution to poverty alleviation and sustainable development: the Base-of-the-Pyramid theory's validity and inadequacies. In *Transformare.Adm.Br.* <http://www.transformare.adm.br/anais/Anna-Katharine-Lenz-and-Monica-Pinhanez-A-business-strategy-contribution.pdf>

LGT Group Foundation. (2016). LGT Venture Philanthropy. <https://www.lgtvp.com/en/about-us/>. Accessed 3 May 2016

London, T. (2007a). Business model R&D for new market entry. *William Davidson Institute, Working Paper*.

London, T. (2007b). A Base-of-the-Pyramid Perspective on Poverty Alleviation Working Paper. *Development*, 1–46. [http://businessformillenniumdevelopment.org/Files/bop\\_perspective\\_on\\_poverty\\_alleviation\\_london\\_7-15-07\\_final.pdf](http://businessformillenniumdevelopment.org/Files/bop_perspective_on_poverty_alleviation_london_7-15-07_final.pdf)

London, T., Anupindi, R., & Sheth, S. (2010). Creating mutual value: Lessons learned from ventures serving base of the pyramid producers. *Journal of Business Research*, 63(6), 582–594. doi:10.1016/j.jbusres.2009.04.025

London, T., & Hart, S. L. (2004). Reinventing strategies for emerging markets: beyond the transnational model. *Journal of International Business Studies*, 35(5), 350–370. doi:10.1057/palgrave.jibs.8400099

London, T., & Hart, S. L. (2011). *Next generation business strategies for the base of the pyramid : new approaches for building mutual value. Next generation business strategies for the base of*



*the pyramid: new approaches for building mutual value* (Vol. 2010).  
doi:10.5437/08956308X5501004

- Mair, J., & Martí, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1), 36–44. doi:10.1016/j.jwb.2005.09.002
- Marano, V., & Tashman, P. (2012). MNE / NGO partnerships and the legitimacy of the firm. *International Business Review*, 21(6), 1122–1130. doi:10.1016/j.ibusrev.2011.12.005
- Matten, D. (2006). Why Do Companies Engage in Corporate Social Responsibility? Background, Reasons and Basic Concepts. In J. Hennigfeld, M. Pohl, & N. Tolhurst (Eds.), *The ICCA Handbook on Corporate Social Responsibility* (pp. 3–47). John Wiley & Sons Ltd.,
- Melo, T., & Garrido-Morgado, A. (2012). Corporate Reputation: A Combination of Social Responsibility and Industry. *Corporate Social Responsibility and Environmental Management*, 19(1), 11–31. doi:10.1002/csr.260
- Mulgan, G. (2006). The Process of Social Innovation. *Innovations: Technology, Governance, Globalization*, 1(2), 145–162. doi:10.1162/itgg.2006.1.2.145
- Nelson, J., Jenkins, B., & Hamilton, B. A. (2006). Investing in Social Innovation. *International Business*, 76p–76p. <http://www.nga.org/Files/pdf/0707INNOVATIONINVEST.PDF>
- Nexan Foundation. (2014). *2014 Activity Report*. <http://www.fondationnexans.com/en/lines-of-intervention/access-to-energy.html>
- Oesterreichische Kontrollbank AG. (2015). Sustainable Economics - Microloans. <http://www.oekb.at/en/about-oekb/sustainability/pages/sustainability.aspx>. Accessed 13 November 2015
- Orange. (2015). Orange African Social Venture Prize. <http://www.orange.com/en/Responsibility/Development/Supporting-entrepreneurship>. Accessed 6 October 2015
- Osram Licht AG. (2015a). OSRAM Off-Grid Lighting (WE!Hubs) - A sustainable solution. [http://www.osram.com/osram\\_com/sustainability/social/off-grid-lighting/index.jsp](http://www.osram.com/osram_com/sustainability/social/off-grid-lighting/index.jsp). Accessed 5 October 2015
- Osram Licht AG. (2015b). *Solar Energy for Rural Kenya WE!Hub – Water-Energy Hubs Handbook*. [https://www.google.it/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0ahUKEwjhtqCNtJDVAhWGtRQKHajyDOgQFgg0MAI&url=https%3A%2F%2Fwww.globalnature.org%2Fbausteine.net%2F%2F8105%2FP133784\\_Osram\\_Projekthandbuch\\_ES.PDF%3Ffd%3D3&usg=AFQjCNGmIUqR4VfGh6DrFOzNnfGzG](https://www.google.it/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0ahUKEwjhtqCNtJDVAhWGtRQKHajyDOgQFgg0MAI&url=https%3A%2F%2Fwww.globalnature.org%2Fbausteine.net%2F%2F8105%2FP133784_Osram_Projekthandbuch_ES.PDF%3Ffd%3D3&usg=AFQjCNGmIUqR4VfGh6DrFOzNnfGzG)
- Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation. A Handbook for Visionaries, Game Changers, and Challengers*. doi:10.1523/JNEUROSCI.0307-10.2010
- OXUS GROUP. (2016). OXUS Microfinance. <http://www.oxusnetwork.org/en/our-activities/our-business-model-2>. Accessed 8 April 2016
- Pearson plc. (2015). The Pearson Affordable Learning Fund (PALF). <https://www.affordable-learning.com/resources/inner-workings-of-affordable-private-schools.html>. Accessed 18

October 2015

- Phills, J. A., Deiglmeier, K., & Miller, D. T. (2008). Rediscovering social innovation. *Stanford Social Innovation Review, Fall*, 34–43. doi:10.1111/j.1369-7625.2010.00656.x
- Porter, M., & Kramer, M. (2002). The competitive advantage of corporate philanthropy. *HARVARD BUSINESS REVIEW*, 80(12), 56+. doi:10.1177/0007650306297941
- Porter, M., & Kramer, M. (2006). Strategy & society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78–92. doi:10.1287/mnsc.1090.1070
- Porter, M., & Kramer, M. (2011). Creating Shared Value. *Harvard Business Review*, (January-February), 2–17. doi:10.1108/09600039410055963
- Power, G., & Wilson, B. (2012). Social Enterprise & Impact Investing. *United Nation Global Compact*.
- Prahalad, C. ., & Hammond, A. (2002). Serving the world's poor, profitably. *Harvard Business Review*. doi:10.1108/02756660710732611
- Prahalad, C. ., & Hart, S. L. (2002). The Fortune at the Bottom of the Pyramid. *Strategy+Business Magazine*, (26), 273. doi:10.2139/ssrn.914518
- Reverte, C. (2009). Determinants of corporate social responsibility disclosure ratings by Spanish listed firms. *Journal of Business Ethics*, 88(2), 351–366. doi:10.1007/s10551-008-9968-9
- Rodriguez, G. (2007). Logit Models for Binary Data. In *Lecture Notes on Generalized Linear Models*. <http://data.princeton.edu/wws509/notes/>
- Rondinelli, D. a., & London, T. (2003). How Corporations and Environmental Groups Cooperate: Assessing Cross-Sector Alliances and Collaborations. *Academy of Management Executive*, 17(1), 61–76. doi:10.5465/AME.2003.9474812
- Rosler, U., Naguib, J., Oppermann, A., & Rosendahl, C. (2013). Inclusive business models Options for support through PSD programmes. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).
- Sakarya, S., Bodur, M., Yildirim-Öktem, Ö., & Selekler-Göksen, N. (2012). Social alliances: Business and social enterprise collaboration for social transformation. *Journal of Business Research*, 65(12), 1710–1720. doi:10.1016/j.jbusres.2012.02.012
- SAP. (2014). Employees and Social Investments. *SAP Integrated Report*. <http://sapintegratedreport.com/2014/en/performance/social-performance/employees-and-social-investment.html>. Accessed 3 October 2015
- Saul, J. (2011). Book highlight-Corporate social innovation. *Global Business & Organizational Excellence*, 30(5), 78–87. doi:10.1002/joe.20397
- Schrader, C., Freimann, J., & Seuring, S. (2012). Business Strategy at the Base of the Pyramid. *Business Strategy and the Environment*, 21(5), 281–298. doi:10.1002/bse.727
- Schuster, T., & Holtbrügge, D. (2012). Market entry of multinational companies in markets at the

- bottom of the pyramid: A learning perspective. *International Business Review*, 21(5), 817–830. doi:10.1016/j.ibusrev.2011.09.007
- Seelos, C., & Mair, J. (2005). Social entrepreneurship: Creating new business models to serve the poor. *Business Horizons*, 48(3), 241–246. doi:10.1016/j.bushor.2004.11.006
- Seelos, C., & Mair, J. (2007). Profitable Business Models and Market Creation in the Context of Deep Poverty: A Strategic View. *Academy of Management Perspectives*, 21(4), 49–63. doi:10.5465/AMP.2007.27895339
- Seven Trent. (2015). Working within the community - Charitable giving. <https://www.severntrent.com/responsibility/our-place-in-the-world/working-within-the-community>. Accessed 17 November 2015
- Shalit, S. S., & Sankar, U. (1977). THE MEASUREMENT OF FIRM SIZE. *Statistics*, 59(3). <http://www.jstor.org/stable/1925047%5Cnhttp://about.jstor.org/terms>
- Siemens AG. (2015). Electricity for a better quality of life enhancing living conditions through integrated rural development and sustainable, replicable technology. <http://www.siemens.com/about/sustainability/en/core-topics/corporate-citizenship/references/electricity-for-a-better-quality-of-life.htm>. Accessed 25 September 2015
- Simanis, E. (2011). Needs, Needs Everywhere, But Not a BoP Market to Tap. *Next generation business strategies for the base of the pyramid: new approaches for building mutual value*, xxxvii, 249 .
- Simanis, E., & Hart, S. (2008). The Base of the Pyramid Protocol: Toward Next Generation BoP Strategy. *Innovations: Technology, Governance, Globalization*, 3(1), 57–84. doi:10.1162/itgg.2008.3.1.57
- SolarWorld AG. (2015). Facilitating Development Solar2world – Our Contribution. <http://www.solarworld.de/en/group/sustainable-management/commitment/solar2world-program/>. Accessed 16 November 2015
- Spitzeck, H., Boechat, C., & Leão, S. F. (2013). Sustainability as a driver for innovation – towards a model of corporate social entrepreneurship at Odebrecht in Brazil. *Corporate Governance*, 13(5), 613–625. doi:10.1108/CG-06-2013-0080
- Spitzeck, H., & Chapman, S. (2012). Creating shared value as a differentiation strategy - the example of BASF in Brazil. *Corporate Governance*, 12(4), 499–513. doi:http://dx.doi.org.ezp.waldenulibrary.org/10.1108/14720701211267838
- Tasavori, M. (2013). The entry of multinational companies to the base of the pyramid: A network perspective.
- Teece, D. J. (2010). Business models, business strategy and innovation. *Long Range Planning*, 43(2–3), 172–194. doi:10.1016/j.lrp.2009.07.003
- Thompson, J. D., & MacMillan, I. C. (2010). Business models: Creating new markets and societal wealth. *Long Range Planning*, 43(2–3), 291–307. doi:10.1016/j.lrp.2009.11.002
- Udayasankar, K. (2008). Corporate social responsibility and firm size. *Journal of Business Ethics*, 83(2), 167–175. doi:10.1007/s10551-007-9609-8

- UNICEF/ONU/UNESCO. (2015). *Fixing the Broken Promise - Findings from the global initiative on out-of-school children*. Unesco. doi:<http://dx.doi.org/10.15220/978-92-9189-161-0-en>
- Unicredit. (2015). Social Innovation and Entrepreneurship. <https://www.unicreditfoundation.org/en/programs/cohesion.html>. Accessed 24 September 2015
- Unilever. (2015a). Providing safe drinking water. <https://www.unilever.com/sustainable-living/improving-health-and-well-being/health-and-hygiene/providing-safe-drinking-water/>. Accessed 17 October 2015
- Unilever. (2015b). Achieving universal access to water, sanitation & hygiene: market-based models - Domestos Toilet Academies. <https://www.unilever.com/sustainable-living/improving-health-and-well-being/health-and-hygiene/toilets-for-a-better-tomorrow/>. Accessed 17 October 2015
- Waddock, S. (2004). Parallel universes: Companies, academics, and the progress of corporate citizenship. *Business and Society Review*, 109(1), 5–42. doi:10.1111/j.0045-3609.2004.00002.x
- WHO/UNICEF. (2015). 25 YEARS Progress on Sanitation and Drinking Water: 2015 Update and MDG Assessment. *New York, NY: UNICEF and World Health Organisation*, 4. doi:ISBN 978 92 4 150914 5
- Wilson, F., & Post, J. E. (2013). Business models for people, planet (& profits): Exploring the phenomena of social business, a market-based approach to social value creation. *Small Business Economics*, 40(3), 715–737. doi:10.1007/s11187-011-9401-0
- World Health Organization. (2015). Tracking Universal Health Coverage: First Global Monitoring Report. *World Health Organization*.
- Yaziji, M., & Doh, J. (2009). NGOs and corporations: Conflict and collaboration. In *huilianex.com* (pp. 123–145). doi:10.1177/0007650309348497
- Yunus, M. (2007). Creating World Without Poverty. *Public Affairs Book*, 297. doi:10.1080/15575330.2014.890406
- Yunus, M. (2010). *Building Social Business The New Kind of Capitalism That Serves Humanity's Most Pressing Needs* (First Edit.). New York: Public Affairs.
- Yunus, M., Moingeon, B., & Lehmann-Ortega, L. (2010). Building social business models: Lessons from the grameen experience. *Long Range Planning*, 43(2–3), 308–325. doi:10.1016/j.lrp.2009.12.005
- Zadek, S. (2004). The path to corporate social responsibility. *Harvard Business Review*, 82(12), 125–133. doi:10.1007/978-3-540-70818-6\_13
- Zott, C., & Amit, R. (2010). Business model design: An activity system perspective. *Long Range Planning*, 43(2–3), 216–226. doi:10.1016/j.lrp.2009.07.004